



# Placer County California

## North Auburn Market and Commercial Study

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Prepared for:  
Placer County Redevelopment Agency  
Economic Development Department



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## Study Purpose

Placer County commissioned this Market and Commercial Analysis to identify current market conditions and support for new development to further strengthen **Hwy 49's** retail sector and **Bowman's** visitor serving businesses.

This analysis:

- 1) Explores demographic, economic and market conditions and trends along Hwy 49, Bowman, and the retail trade area
- 2) Identifies current market support for new development in accommodations, office, and retail projects
- 3) Explores stakeholder concerns and recommendations for the area, and
- 4) Makes recommendations for moving forward with economic development and redevelopment activities.

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## Local Context

The North Auburn area can best be characterized as a rapidly developing Sierra Foothill community with a central-urban downtown area (City of Auburn), significant commercial strip development along Highway 49, and nodes of commercial activity along Interstate 80 (Bowman).

**Highway 49, Bowman, and the City of Auburn all offer interdependent, yet unique retail and commercial environments.**

- ▶ The City of Auburn's Old Town and Downtown offer a clearly defined urban core with pedestrian-oriented retail and restaurants.
- ▶ The Highway 49 Corridor offers three miles of retail, office, industrial, and service-oriented commercial. This area houses the region's hospital, airport, industrial centers, large shopping centers, strip development, and county government offices.
- ▶ Bowman offers affordable hotel, restaurant, and gas services to a high-volume of travelers on I-80 and visitors to the Sierra Foothill recreational amenities.



The View from Bowman



Hwy 49 Retail Center

# Executive Summary

The North Auburn area encompasses 40 square miles at the base of the Sierra Nevada Foothills, centrally located between the San Francisco Bay and Lake Tahoe recreation areas. The rural setting, easy access to a wide variety of outdoor recreational activities, unparalleled scenic beauty, and mild “above the fog and below the snow” climate are rapidly attracting new residents and businesses. However, few developable sites will likely inhibit job growth even though the area has excellent market and demographic trends.

**Hwy 49**, a successful employment and retail hub for Placer County is home to:

- ▶ 315 retail establishments with \$463 million in total retail sales in 2005, and
- ▶ 11,955 residents in 4,842 households.

**Bowman**, a prime stop for tourists visiting the Sierra Foothills and Lake Tahoe, has a very strong visitor serving economy that includes:

- ▶ Eight hotels with 514 rooms with an average of 62 percent occupancy, and an average daily room rate of \$76.32, and
- ▶ \$90 million in annual retail sales.

## Retail Trends

The primary retail trade area, composed of 25,700 residents, is a largely white, baby-boomer, affluent population with per capita income of \$30,061 (2006).

Highway 49 is a regional retail center with \$463 million in sales in 2005, an increase of 24 percent over the 2001 figure of \$373 million (constant dollars). Retail leakage is relatively low at \$8 million per year, however leakage in apparel (-\$10 million), general merchandise (-\$14 million), restaurants (-\$15 million) and building materials (-\$30 million) is counterbalanced by excess retail capture in auto dealers (+\$60 million) and “other retail” (+\$13 million). Current retail leakage indicates market support for an additional 185,000 square feet (SF). The rapidly growing retail trade area of North Auburn will add 27,800 new residents by 2015. This growth will further strengthen North Auburn’s position as the retail and job destination in North Placer County creating demand for an additional 311,000 SF of retail through 2020.

The North Auburn retail real estate market is under supplied with a very low 0.7 percent vacancy, this has pushed prices up from \$93/SF in 2002 to \$327/SF in 2005. There is currently 287,064 SF of new retail slated for development in North Auburn, which will at least reduce retail leakage in some categories.

## Office and Industrial Trends

Job growth will continue as businesses seek cheaper space and access to North Auburns’ quality workforce. By 2010 North Auburn should add roughly 4,800 jobs resulting in demand for 168,000 SF of industrial/warehouse, 96,000 SF of office and 17,000 SF of institutional space. As the south county experiences higher rents and runs out of dirt, developers and businesses will increasingly turn to North Auburn/Auburn as a location of choice for new industrial and commercial development. However a limited number of developable sites means that this development may happen further out Hwy 49 or up I-80.

The North Auburn office market is healthy with median sales increasing from \$151/SF in 2002 to \$248/SF in 2006. Lease rates are a modest \$1.30/SF, insufficient to support speculative development.

The Industrial market is good with an 8.3 percent vacancy rate, lease rates of \$0.55/SF, and a median sales price of \$119/SF.

## Hotel Trends

Bowman captures 14 percent, or \$90 million, of all tourism expenditures in Placer County, the majority of these expenditures are for gasoline (\$33 million), followed by restaurants (\$18 million), food stores (\$11 million) and accommodations (\$7.3 million).

Bowman hotels achieve 62 percent annual occupancy, with higher occupancy in the summer months (75% to 82%) than the winter (40% to 60%). Likewise, occupancy is higher on the weekend (70+ percent) than during the weekday (50% to 60%). Bowman’s hotel market lacks a quality higher-end hotel which could capture business travel demand that is currently served by hotels in Rocklin and Roseville.

## Development Opportunity Sites

Bowman and Hwy 49 have limited development opportunities: only six potential sites were identified through this analysis to respond to future demand.

## Recommendations

To strengthen the local economy, the County should continue to: 1) beautify North Auburn; 2) work with Caltrans to improve circulation; 3) develop better 1-80 signage to direct traffic to Bowman and Hwy 49; and 4) consider rezoning portions of Hwy 49 (north of Dry Creek Road) and the third Bowman exit for commercial and industrial uses.



## 2. Demographic Trends & Retail Demand

### 2.1 Population Growth

Placer County, one of the fastest growing counties in California, will grow by over 50,000 residents through 2015 according to SACOG. Most of this population growth (35,000 new residents) will occur in unincorporated places. Indeed, cities like Auburn, Colfax and Roseville will experience relatively little population growth through 2015 (see Table 1).

Most of the population growth will take place in the Sierra Foothills northeast of Auburn. These new residents will increase market support for retail development.

As shown in Table 2, the population of North Auburn will grow by an estimated 35 percent, adding 4,270 residents, while the Primary and Secondary Trade Areas will grow by 9,200 and 27,800 residents respectively.

**Table 1: Population Projections: Auburn, Placer County**

	Un-incorporated Places	Auburn	Colfax	Roseville	Placer County
2000		12,500	1,490	79,300	249,471
2005	98,158	12,972	1,772	104,136	308,431
2010	115,223	13,872	2,019	107,038	349,113
2015	133,147	15,027	2,273	108,692	358,488
2020	153,557	16,331	2,562	110,412	456,040
2025	175,445	17,663	2,867	111,258	544,690
Absolute Increase 2005-2015	34,989	2,055	501	4,556	50,057
% Change 2005-2015	36%	16%	28%	4%	16%

**Table 2: Population North Auburn, Primary, and Secondary Trade Areas**

	1990	2000	2006 (a)	2010 (b)	2015	Growth 2006-2015
North Auburn (Study Area)		11,593	11,955	13,987	16,225	4,270
Primary Trade Area (3 Mile Radius)	22,021	24,518	25,714	30,086	34,899	9,185
Secondary Trade Area (10 Mile Radius)	64,844	73,438	77,941	91,191	105,782	27,841

Source: Census, 2000; MJC, 2006; DataQuick, 2006; SACOG, 2006

Notes: a) The population for 2006 was calculated by multiplying the average household size for the area by the number of new housing units constructed between 2000 and 2006 and by adjusting for a 13% second home rate.

b) The population for 2010 - 2025 was calculated with SACOG's growth rates for unincorporated areas.

### 2.2 Race & Ethnicity

As shown in Table 3, North Auburn and the trade area are overwhelmingly white (90+%), with small populations of Hispanic (6%), Asian (1+%), and American Indian (1%) residents.

Placer County also has relatively little ethnic and racial diversity relative to the State of California as a whole.

**Table 3: Race & Ethnicity: North Auburn and Trade Areas**

	North Auburn	Trade Areas	
		Primary	Secondary
2006 Population Estimate	11,955	25,714	77,941
Population by Race Classification			
White	95.2%	91.6%	93.3%
Black or African American	0.4%	0.6%	0.5%
American Indian and Alaska Nativ	0.9%	1.2%	1.0%
Asian	1.4%	1.4%	1.1%
Hawaiian, Other Pacific Islander	0.6%	0.1%	0.1%
Some Other Race	0.2%	2.5%	1.6%
Two or More Races	1.8%	2.6%	2.6%
Hispanic or Latino	6.8%	7.6%	5.7%

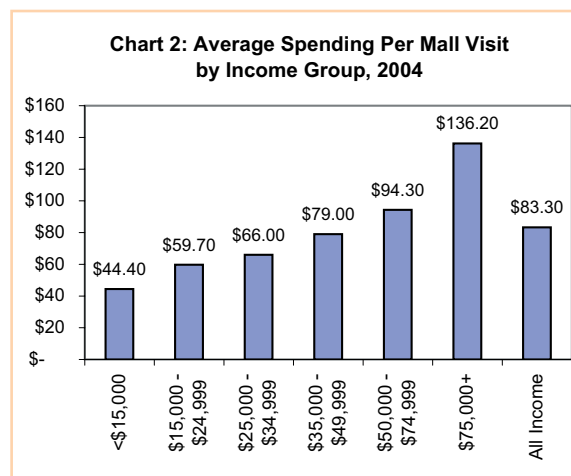
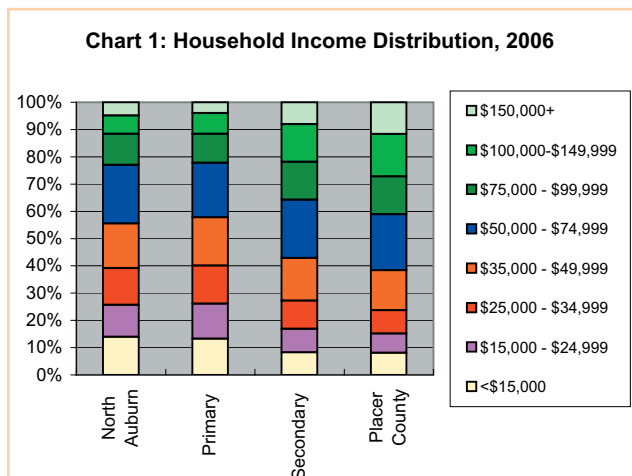
Source: Census, 2006; MJC, 2006; Claritas, 2006

### 2.3 Household Income & Shopping

As shown in Table 4, the median household income in North Auburn (\$44,915) and the Primary Trade Area (\$43,371) are both slightly below the 2005 County-wide median household income (\$62,080). However, median household income in the Secondary Trade Area (\$58,342) virtually mirrors that in the County. More importantly, as illustrated in Chart 1, the income distribution in the Secondary Trade Area is virtually identical to that of Placer County, with more than 40% of all households earning more than \$75,000 per year.

As shown in Table 5, households earning over \$75,000/year spend more on entertainment (\$4,119), transportation (\$13,513), apparel (\$3,349), household furnishings (\$3,349) and food away from home (\$4,308), than any other income group -- all are key retail activities in North Auburn. North Auburn's Retail Trade Area has 13,000+ households earning \$75,000+ per year.

Households with higher incomes also spend more at malls and are more likely to shop at malls than households with low incomes. As shown in Chart 2, the average spending per mall visit is highest for households with more than \$75,000 in annual income (according to a 2004 survey by ICSC Research Quarterly).



**Table 4: Income and Households: North Auburn and Retail Trade Areas, 2006**

	North Auburn		Trade Area		Placer County (a)	
	%		%		%	
Aggregate Household Income (millions)	\$269		\$546		\$2,117	
Average Household Size	2.38		2.35		2.53	
Average Household Income	\$55,484		\$54,455		\$74,506	
Median Household Income	\$44,915		\$43,371		\$58,342	
Per Capita Income	\$23,461		\$23,383		\$30,061	
Households by Household Income	4,842		10,083		29,984	
Income Less than \$15,000	676 14%	1,343 13%	2,481 8%	9,645 8%		
Income \$15,000 - \$24,999	569 12%	1,294 13%	2,597 9%	8,410 7%		
Income \$25,000 - \$34,999	653 13%	1,411 14%	3,089 10%	10,201 9%		
Income \$35,000 - \$49,999	791 16%	1,782 18%	4,681 16%	17,503 15%		
Income \$50,000 - \$74,999	1,041 21%	2,017 20%	6,424 21%	24,470 21%		
Income \$75,000 - \$99,999	551 11%	1,072 11%	4,164 14%	16,620 14%		
Income \$100,000 - \$149,999	328 7%	765 8%	4,141 14%	18,466 15%		
Income \$150,000+	233 5%	401 4%	2,406 8%	13,906 12%		

Source: US Census, American Community Survey, 2006; Claritas, 2006; MJC 2006

Notes: a) data for Placer County is from the 2005 American Community Survey

**Table 5: Income Before Taxes and Annual Expenditures, 2004**

	Food Away from Home	Household Furnishings	Apparel	Transportation	Health Care	Entertainment
\$5,000	\$1,143	\$505	\$915	\$2,270	\$886	\$853
\$5,000-\$9,999	\$714	\$386	\$722	\$2,052	\$1,171	\$582
\$10,000-\$14,999	\$876	\$544	\$809	\$3,000	\$1,806	\$852
\$15,000-\$19,999	\$1,132	\$724	\$915	\$3,758	\$2,010	\$901
\$20,000-\$29,999	\$1,485	\$843	\$1,047	\$5,114	\$2,157	\$1,512
\$30,000-\$39,999	\$1,930	\$1,161	\$1,384	\$6,288	\$2,383	\$1,525
\$40,000-\$49,999	\$2,189	\$1,345	\$1,490	\$7,031	\$2,552	\$1,756
\$50,000-\$69,999	\$2,672	\$1,672	\$1,774	\$9,700	\$2,874	\$2,587
\$70,000+	\$4,308	\$3,306	\$3,349	\$13,513	\$3,630	\$4,119

Source: Bureau Of Labor Statistics, Consumer Expenditure Survey, 2004; MJC, 2006

North Auburn's Primary and Secondary Trade Areas have many households earning over \$75,000/year.

North Auburn has the right income demographics to support retail in the apparel, transportation, dining out, and entertainment categories.

## 2.4 Age & Retail Expenditures

Fifty-one percent of the population of North Auburn and the Primary Retail Trade Area are between the ages of 25 and 64, the prime age for shopping (see Table 6). Retailers are attracted to communities with high concentrations of residents in the 45 to 64 age group, as this age group has the most disposable income and the highest retail expenditures. As shown in Table 7, people in the 44 to 54 year old age group spend more on restaurants (\$2,955), household furnishings (\$1,989), apparel (\$2,217), and transportation (\$9,343).

Aging baby boomers are also retiring to North Auburn's Trade Area. Slightly more than 20 percent of residents are over 65, and 12 percent are in the pre-retirement 55 to 64 age group (see Table 6). Pre-retirement baby-boomers spend more on entertainment (\$2,823), while seniors spend more on healthcare (\$3,899) than other groups.

**Table 6: Age: North Auburn, Primary Trade Area, Placer County 2006**

	Primary Trade Area					
	North Auburn		Area		Placer County	
Under 18	2,201	19%	4,660	19%	73,420	23%
Age 18 to 25	1,023	9%	2,238	9%	26,589	8%
Age 25 to 44	2,785	24%	6,257	26%	91,051	29%
Age 45 to 54	1,723	15%	3,603	15%	47,497	15%
Age 55 to 64	1,323	12%	2,772	11%	32,963	10%
Age 65 and over	2,384	21%	4,914	20%	42,615	14%
Total	11,439	100.0%	24,444	100.0%	314,135	100.0%

Source: U.S. Census, American Community Survey, 2005; Claritas, 2006; MJC, 2006

North Auburn's Trade Area has a high concentration of baby boomers who spend more on restaurants, furnishings, apparel, and transportation than any other age group.

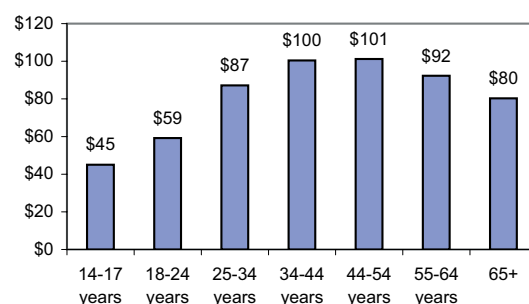
**Table 7: Average Annual Expenditures by Age, 2004**

Age	Food Away from Home	Household Furnishings	Apparel	Transportation	Health Care	Entertainment
Under 25	\$1,862	\$812	\$1,371	\$4,704	\$654	\$1,166
25-34 years	\$2,550	\$1,548	\$2,134	\$8,485	\$1,519	\$2,122
34-44 years	\$2,855	\$1,960	\$2,142	\$9,183	\$2,663	\$2,504
44-54 years	\$2,955	\$1,989	\$2,217	\$9,343	\$2,695	\$2,711
55-64 years	\$2,524	\$1,932	\$1,863	\$8,421	\$3,262	\$2,823
65+	\$1,484	\$1,147	\$907	\$4,875	\$3,899	\$1,429

Source: BLS, Consumer Expenditure Survey, 2006; MJC 2006

Of course spending in malls also peaks for the 45 to 54 year old age group at \$101/mall visit, with an average of 8.5 mall visits every three months (see Chart 3). By comparison, seniors visit malls more often (10.7 visits/3 month) but spend less at each visit (\$80.70/visit). Teenagers also visit the mall often (12.4 times/3 month period), but spend the least at \$45/visit.

**Chart 3: Average Spending per Mall Visit by Age Group (2004)**



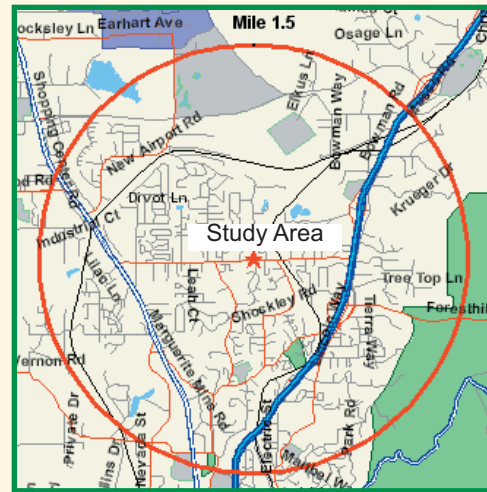
Source: ICSC Research

## 2.5 Demographic Overview (2006)

### North Auburn Study Area

In 2006, within the North Auburn Study Area:

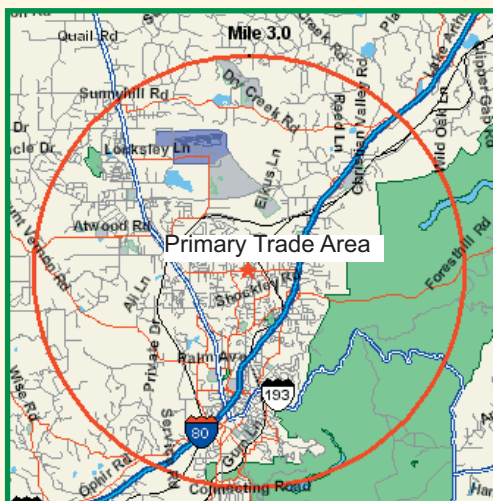
- ▶ 11,955 people lived in 4,842 households.
- ▶ 95 percent of the population was White, 6.8 percent identify as Hispanic.
- ▶ Median household income was \$44,916 per year and the average household income was \$55,484.
- ▶ Per capita income was \$23,461.
- ▶ 60 percent of housing units were owner-occupied.



### Primary Retail Trade Area

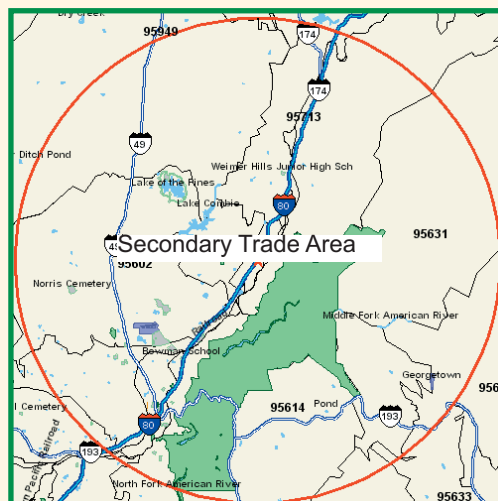
Residents within the Primary Trade Area, defined as a three-mile radius around North Auburn, are well educated, largely White and have relatively high incomes.

- ▶ In 2006, 25,714 people lived in 10,028 households.
- ▶ 91 percent of the population was White, 7.5 percent identify as Hispanic.
- ▶ Median household income was \$43,371 per year and the average household income was \$54,455.
- ▶ Per capita income was \$23,383.
- ▶ 61 percent of housing units were owner-occupied.
- ▶ Between 2000 and 2006, 509 new housing units were built in the Primary Trade Area. The new housing units sold for a median price of \$383,500, which would require a qualifying household income of \$101,700. An additional 2,564 existing homes changed ownership during this time.



### Secondary Retail Trade Area

- ▶ In 2006, 77,941 people lived within the ten-mile secondary retail trade area of North Auburn.
- ▶ 93 percent of the Secondary Retail Trade area's population was White and 5.7 percent identify as Hispanic.
- ▶ Median household income was \$58,342 per year; average household income was \$74,506 and per capita income is \$30,061.
- ▶ 76 percent of housing units were owner-occupied.
- ▶ Between 2000 and 2006, 1,780 new housing units were built and sold in the Secondary Trade Area. In addition, roughly 6,090 existing homes changed ownership during this same time period. Over the six year period, these homes sold for a median price of \$354,750 which requires a median qualifying income of \$95,000/year (with a 10% down, 6% 30 year mortgage).



## 3. Regional Retail Context

### 3.1 Placer County Retail Performance

Both North Auburn's retail performance and retail potential are influenced by the larger context of Placer County's exceptional retail market. As shown in Table 8, Placer County retailers sold \$6.6 billion in taxable retail sales in a County of 308,431 residents. This amounts to \$22,239 in retail sales per resident or almost twice the California average (see Table 9). The fastest growing segments of retail sales were building materials (+46% growth), home furnishings and other appliances (+48%), and other retail stores (+72%), reflecting the high rate of new household formation and home construction in the County (see Table 8).

Placer County retail sales have grown rapidly over the past five years due to population growth. After adjusting for inflation, taxable retail sales increased by 19 percent or \$1 billion (from \$5.5 billion in 2001 to \$6.6 billion in 2004, see Table 8). Total taxable retail sales per capita, were up just four percent, indicating that retail sales growth primarily results from population growth rather than additional retail spending per person (Table 9).

**Table 8: Placer County Taxable Retail Sales Trends 2001-2004 (2004 Constant Dollars)**

2004 Constant Dollars (\$1,000s)	2001	2002	2003	2004	2004 % of total	Percent Change 01-04
Apparel Stores	\$138,870	\$147,913	\$155,508	\$182,781	2.8%	32%
General Merchandise Stores	\$580,891	\$637,705	\$672,552	\$692,463	10.5%	19%
Food Stores	\$241,983	\$259,672	\$263,267	\$256,228	3.9%	6%
Eating and Drinking Places	\$383,486	\$410,597	\$429,689	\$464,769	7.0%	21%
Home Furnishings and Other Appliances	\$138,461	\$160,034	\$173,141	\$205,139	3.1%	48%
Bldg Materials & Farm Implements	\$320,848	\$376,543	\$414,652	\$467,430	7.1%	46%
Auto Dealers & Auto Suppliers	\$1,507,680	\$1,604,767	\$1,737,282	\$1,519,350	23.0%	1%
Other Retail Stores	\$720,015	\$790,610	\$815,621	\$1,235,993	18.7%	72%
<b>Retail Stores Total</b>	<b>\$4,032,234</b>	<b>\$4,387,841</b>	<b>\$4,661,712</b>	<b>\$5,024,153</b>	<b>76.2%</b>	<b>25%</b>
All Other Outlets	\$1,497,450	\$1,464,310	\$1,473,140	\$1,571,413	23.8%	5%
<b>Total All Outlets</b>	<b>\$5,529,683</b>	<b>\$5,852,151</b>	<b>\$6,134,852</b>	<b>\$6,595,566</b>	<b>100.0%</b>	<b>19%</b>

**Table 9: Placer County Per Capita Retail Sales Trends, 2001-2004 (2004 Constant Dollars)**

2004 Constant Dollars	2001	2002	2003	2004	Percent Change
Apparel Stores	\$536	\$545	\$547	\$616	2.8%
General Merchandise Stores	\$2,244	\$2,351	\$2,368	\$2,335	10.5%
Food Stores	\$935	\$957	\$927	\$864	3.9%
Eating and Drinking Places	\$1,481	\$1,514	\$1,513	\$1,567	7.0%
Home Furnishings and Other Appliances	\$535	\$590	\$610	\$692	3.1%
Bldg Materials & Farm Implements	\$1,239	\$1,388	\$1,460	\$1,576	7.1%
Auto Dealers & Auto Suppliers	\$5,824	\$5,917	\$6,116	\$5,123	23.0%
Other Retail Stores	\$2,781	\$2,915	\$2,872	\$4,168	18.7%
<b>Retail Stores Total</b>	<b>\$15,575</b>	<b>\$16,178</b>	<b>\$16,412</b>	<b>\$16,940</b>	<b>76.2%</b>
All Other Outlets	\$5,784	\$5,399	\$5,186	\$5,298	23.8%
<b>Total All Outlets</b>	<b>\$21,359</b>	<b>\$21,577</b>	<b>\$21,599</b>	<b>\$22,239</b>	<b>100.0%</b>

Source: State Board of Equalization, 2006; MJC, 2006

Placer County is a retail powerhouse with \$6.6 billion in retail sales and sales of \$22,239 per capita.

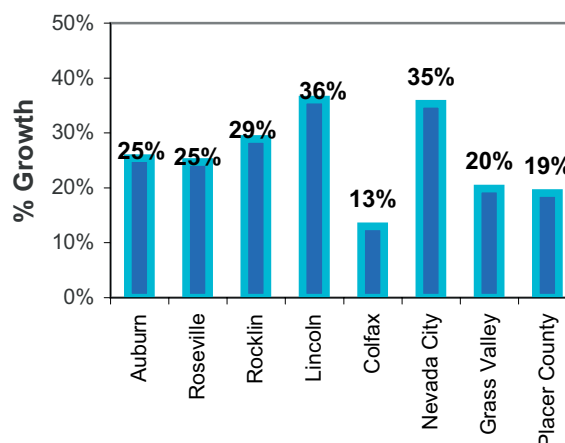


## 3.2 Competitive Nearby Cities

Individual cities within surrounding Placer and Nevada counties also perform exceptionally well.

- ▶ In 2004, retail sales were very strong in Roseville (\$3.6 billion), Rocklin (\$560 million), Auburn (\$314 million), and Grass Valley (\$373 million). Seventy-five percent of all taxable retail sales in Placer County occur in these four largest cities.
- ▶ Retail sales are up across the board. Between 2001 and 2004, inflation adjusted taxable retail sales grew by over \$724 million in Roseville (+25%), \$125 million in Rocklin (+29%), and \$63 million in Auburn (+25%), see Chart 4.
- ▶ As shown in Table 10, taxable retail sales per resident were strongest in Roseville (\$35,474), Nevada City (\$36,762), Colfax (\$32,578), Grass Valley (\$28,528), and Auburn (\$24,465).
- ▶ Both Auburn and Roseville have very strong sales per capita by auto dealers (\$4,479 and \$11,646 respectively) and the other retail stores category (sporting goods, florists, musical instrument, stationary, book, office, gift stores, etc.), \$7,548 and \$4,323 respectively.

**Chart 4**  
**Percent Taxable Sales Growth 2001-2004 (constant dollars)**



**Table 10: Per Capita Taxable Retail Sales, Near-by Cities, 2004**

	Auburn	Roseville	Rocklin	Lincoln	Colfax	Nevada City	Grass Valley
Apparel Stores	\$247	\$1,537	NA				\$576
General Merchandise Stores	\$1,979	\$5,437	\$457				\$4,338
Food Stores	\$1,080	\$924	\$807				\$2,992
Eating and Drinking Places	\$1,874	\$2,286	\$855				\$1,865
Home Furnishings and Other Appliances	\$657	\$1,326	\$436				\$1,573
Bldg Materials & Farm Implements	\$588	\$2,800	\$828				\$1,809
Auto Dealers & Auto Suppliers	\$4,479	\$11,645	\$553				\$5,819
Service Stations	NA	\$1,269	\$1,071				\$2,214
Other Retail Stores	\$7,548	\$4,323	\$2,462				\$3,506
<i>Retail Stores Total</i>	\$18,452	\$31,549	\$7,467	\$2,702	\$21,839	\$15,817	\$24,693
All Other Outlets	\$6,013	\$3,926	\$3,494	\$2,102	\$10,739	\$20,945	\$3,835
<b>Total All Outlets</b>	<b>\$24,465</b>	<b>\$35,474</b>	<b>\$10,961</b>	<b>\$4,803</b>	<b>\$32,578</b>	<b>\$36,762</b>	<b>\$28,528</b>

Sources: State Board of Equalization, 2006; State Department of Finance, 2006; MJC, 2006

### 3.3 Regional Malls & Power Centers

**Current Supply.** Placer County offers seven large retail malls within 25 miles of the North Auburn area. As shown in Table 11, these regional malls offer 3.6 million square feet of retail in 500 stores. The Galleria at Roseville and Sunrise Mall are the largest and most recently developed power centers with over 1.1 million square feet each. Anchors include Nordstroms, JC Penney, Macys, and Sears.

**Planned and Proposed Malls.** Developers are currently building or planning to build an additional 1,081,300 SF of retail. Phase I of the Fountains Shopping Center in Roseville will include 360,000 SF of retail with Whole Foods, Orvis, ZGallery, West Elm and Anthropologie as anchor tenants. During phase II another 225,000 square feet will be added in 2009. The Galleria at Roseville will expand with an additional 487,806 square feet slated for completion in 2008. Finally, Sunrise Mall will add an 8,500 square foot food court in 2008.

**Table 11: Regional Retail Malls, Placer County, 2006**

#	Mall Name	City	Distance from N. Auburn	Total Stores	Square Feet	Prime Anchors
1	Country Gables Shopping Ctr	Roseville	12 miles	34	140,184	Raley's Supermarket, Granite Bay Health & Fitness
2	Galleria At Roseville	Roseville	13 miles	148	1,100,000	Nordstrom, JCPenney, Sears, Borders
3	El Dorado Hills' Town Center	El Dorado Hills	17 miles	60	405,000	Raley's Supermarket, 14-screen Regal Theatres, Longs Drugs, El Dorado Hills Sports Club, Mercedes Benz
4	Folsom Premium Outlets	Folsom	19 miles	80	299,278	Sac's 5th Avenue, Gap, Nike, Kenneth Cole, Liz Claiborn
5	Sunrise Mall	Citrus Heights	19 miles	120	1,160,000	J.C. Penney, Macy's Womens, Macy's Mens, Sears, Victoria's Secret, Elephant Bar, Red Robin, New York & Co.
6	Marketplace at Birdcage	Citrus Heights	19 miles	35	314,000	Best Buy, Michael's, Linens and Things, Barnes & Nobles, Longs Drugs
7	Crestview Village Shopping Ctr	Carmichael	22 miles	22	180,000	Albertsons, Big 5, Ross, Dress Barn, Famous Footwear
Total				499	3,598,462	

**Table 12: Regional Shopping Malls, Planned or Under Construction**

Mall Name	City	Distance from N. Auburn	Completion Date	Square Feet	Prime Anchors
Fountains Shopping Center Phase I	Roseville	13 miles	July 2007	360,000	Whole Foods, Orvis, Zgallerie, West Elm
Fountains Shopping Center Phase II	Roseville	13 miles	2009?	225,000	Unknown
Galleria at Roseville, Phase II	Roseville	13 miles	2008	487,806	Unknown
Sunrise Mall Food Court	Citrus Heights	19 miles	2008	8,500	9 vendor food court
Total				1,081,306	

Source: MJC, 2006



Folsom Premium Outlets

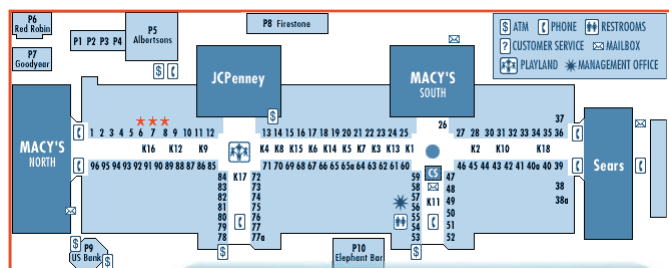
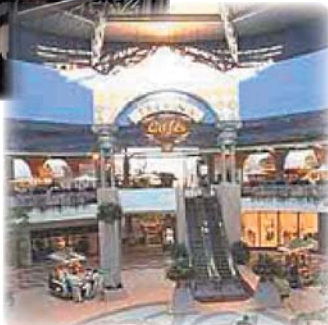


El Dorado Hills Town Center

## Map: Regional Malls, North Sacramento and Suburbs



Roseville Galleria



Sunrise Mall



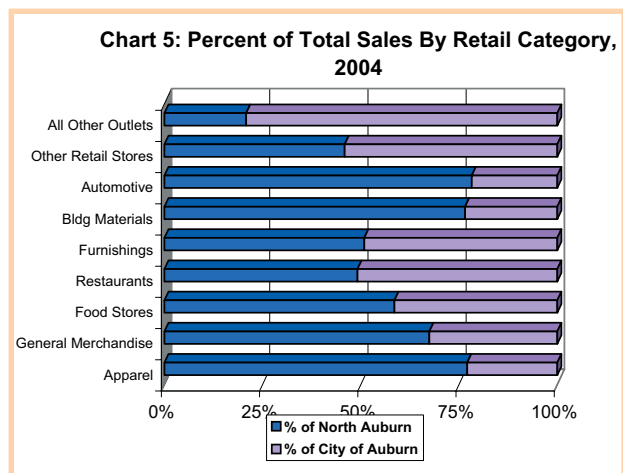
## Market Analysis

## 4. North Auburn & Auburn Retail Sales Trends

### 4.1 Comparing Retail Sales in North Auburn to Auburn

The retail areas of Highway 49 and the City of Auburn together satisfy the shopping needs of residents and visitors to the Primary and Secondary Retail Trade Area. Consequently, it would be meaningless to examine North Auburn's Retail sales in isolation of the retail sales of Auburn. To understand how these two areas work together, Chart 5 compares the retail sales of North Auburn with those of Auburn.

- ▶ Highway 49 captured 58 percent of all retail purchases within the Trade Area in 2004.
- ▶ Highway 49 captured 78 percent of all automotive sales, 76 percent of all building materials sales, 77 percent of apparel sales, 67 percent of general merchandise sales, and 50 percent of restaurant sales.
- ▶ The City of Auburn, captured 50 percent of furnishings, 50 percent of restaurant, and 79 percent of Other Retail Stores sales, which includes arts, gifts, novelty stores, sporting goods stores, florists and book stores. These store types do well in a pedestrian-friendly downtown setting.



### 4.2 City of Auburn Retail Sales Trends

Taxable retail sales totalled \$314 million in the City of Auburn, \$100 million **less** than North Auburn sales. Between 2001 and 2004, retail sales within the City of Auburn increased by 26 percent, with growth in Other Retail Stores (+221%) and Building Materials categories (+31%), and declines in apparel (-18%), service station (-19%), and general merchandise (-3%).

**Table 13: Auburn Taxable Retail Sales Trends (2001-2004)**

2004 Dollars	2001	2002	2003	2004	Percent Change
Apparel Stores	\$3,854,461	\$3,562,893	\$3,129,137	\$3,168,000	-18%
General Merchandise Stores	\$26,301,965	\$26,949,415	\$26,130,909	\$25,396,000	-3%
Food Stores	\$13,905,185	\$14,081,959	\$13,655,441	\$13,861,000	0%
Eating and Drinking Places	\$23,044,914	\$23,945,613	\$23,926,033	\$24,055,000	4%
Home Furnishings and Other Appliances	\$7,179,545	\$7,700,581	\$10,460,579	\$8,431,000	17%
Bldg Materials & Farm Implements	\$5,739,171	\$7,357,169	\$7,424,896	\$7,542,000	31%
Auto Dealers & Auto Suppliers	\$47,744,928	\$48,907,848	\$47,856,174	\$57,491,000	20%
Service Stations	\$18,501,625	\$16,033,541	\$14,939,137	NA	-19%
Other Retail Stores	\$30,201,072	\$30,177,272	\$30,938,092	\$96,883,000	221%
<b>Retail Stores Total</b>	<b>\$176,472,865</b>	<b>\$178,716,291</b>	<b>\$178,460,397</b>	<b>\$236,827,000</b>	<b>34%</b>
All Other Outlets	\$73,476,059	\$82,537,033	\$80,428,154	\$77,175,000	5%
<b>Total All Outlets</b>	<b>\$249,948,923</b>	<b>\$261,253,324</b>	<b>\$325,982,701</b>	<b>\$314,002,000</b>	<b>26%</b>

Source: State Board of Equalization, 2006; MJC, 2006



### 4.3 Highway 49 Performance

Highway 49 retail sales totaled an impressive \$463 million in 2005, an increase of \$89 million over 2001 figures (see Table 14). Overall, Hwy 49 auto dealers, service stations and general merchandise stores perform exceptionally well for a community of this size, indicating that Hwy 49 effectively attracts consumers from the trade area for destination shopping.

Virtually all retail categories experienced sales growth between 2001 and 2005:

- **Auto Sales** grew by \$36 million from \$180 to \$217 million, an increase of 20 percent.
- **Service Station** sales increased by \$23 million to \$35 million, an increase of 198 percent.
- Sales in the **Other Outlets** category, which captures non-retail sales from manufacturers and others, more than doubled in size (+229%) for a gain of \$18 million.
- **Building Materials** and farm implements were up by \$10 million, a 64 percent increase.
- **General Merchandise** stores saw a gain of \$8.9 million in taxable sales, a 20 percent increase.
- The remaining retail categories grew by less than \$2 million each.
- Apparel and Food Stores lost market share, declining by \$984,000 and \$2.3 million, respectively.

**Hwy 49 is the regional retail center for the Sierra Foothills and the Highway 49/I-80 corridors, with over \$463 million in sales in 2005.**

#### **Hwy 49 is a major center for**

- Auto Sales
- Service Stations
- Building Materials
- General Merchandise

#### **Top 30 Retailers Highway 49, 2005 (a)**

49er Dodge Chrysler Jeep	Interstate Sales
84 Lumber	Jr Petroleum
Andersons Sierra Pipe	K Mart
Applebees	Longs
Auburn Harley Davidson	Magnussens Auburn Toyota
Auburn Honda	Maita Ford Mercury
Auburn Nissan	Mc Donalds
Bel Air Supermarket	Nella Oil Company
Chevys	Pacific Auto
Crossroads Auburn Auto Center	Ralphs
Cypress Auto Center	Rite Aid
Darrell Williams Chevron	Ross
Diamond Pacific Auburn	Safeway
Dry Creek 76	Target
Express Mart	Walkers Office Supplies

a) sorted alphabetically

Source: HdL, 2006; MJC 2006

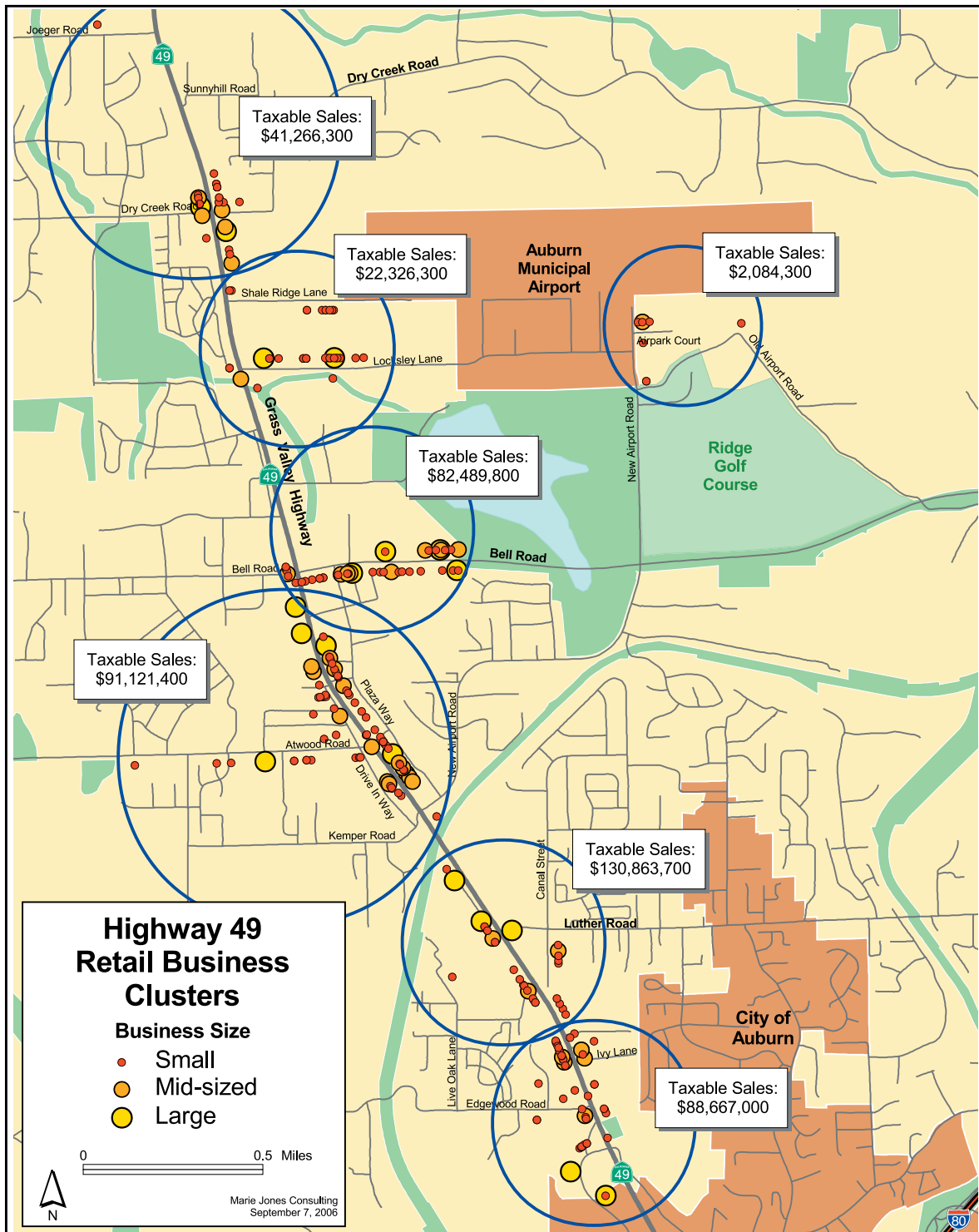
**Table 14: North Auburn Taxable Retail Sales Trends 2001-2005 (2005 Dollars)**

Taxable Retail Sales, 2005 Dollars							
	2001	2002	2003	2004	2005	Change	Total Increase
Apparel Stores	\$12,058,793	\$11,569,644	\$10,805,576	\$10,640,972	\$11,074,300	-8%	-\$984,493
General Merchandise Stores	\$45,384,242	\$53,499,100	\$52,786,150	\$52,586,146	\$54,362,500	20%	\$8,978,258
Specialty Stores	\$25,160,124	\$24,954,678	\$24,460,591	\$25,947,297	\$26,369,400	5%	\$1,209,276
Food Stores	\$22,983,404	\$22,270,368	\$21,143,853	\$19,572,714	\$20,641,100	-10%	-\$2,342,304
Eating and Drinking Places	\$20,065,654	\$21,844,257	\$22,454,362	\$23,252,796	\$21,594,700	8%	\$1,529,046
Home Furnishings and Other Appliances	\$8,067,447	\$7,389,096	\$7,911,446	\$8,728,556	\$9,312,100	15%	\$1,244,653
Bldg Materials & Farm Implements	\$16,252,676	\$22,088,549	\$23,521,766	\$24,565,119	\$26,717,400	64%	\$10,464,724
Auto Dealers & Auto Suppliers	\$180,623,803	\$185,525,007	\$195,113,258	\$206,378,501	\$217,242,100	20%	\$36,618,297
Service Stations	\$11,875,504	\$11,568,890	\$16,670,117	\$32,337,415	\$35,416,100	198%	\$23,540,596
Other Retail Stores	\$23,093,421	\$23,735,908	\$22,756,316	\$23,835,399	\$13,667,200	-41%	-\$9,426,221
<b>Retail Stores Total</b>	<b>\$365,565,066</b>	<b>\$384,445,496</b>	<b>\$397,623,436</b>	<b>\$427,844,915</b>	<b>\$436,396,900</b>	<b>19%</b>	<b>\$70,831,834</b>
All Other Outlets	\$8,202,508	\$10,152,144	\$17,168,161	\$20,284,122	\$27,020,500	229%	\$18,817,992
<b>Total All Outlets</b>	<b>\$373,767,574</b>	<b>\$394,597,640</b>	<b>\$414,791,597</b>	<b>\$448,129,036</b>	<b>\$463,417,400</b>	<b>24%</b>	<b>\$89,649,826</b>

Source: HdL, 2006; MJC 2006

#### 4.4 Hwy 49 Retail Business Distribution

As shown in the map below, retail businesses are concentrated along Hwy 49 at intersections with Dry Creek Road, Locksley Lane, Bell Road, Atwood Road, and Luther Road. Retail businesses are also concentrated on Bell Road. Retail sales for 2005 are indicated by subarea on the map below.



## 5. Hwy 49/Auburn Retail Leakage Analysis

### 5.1 Retail Leakage Analysis

A retail leakage analysis indicates (by store category) the amount that Trade Area residents are spending on retail both within and outside of the Trade Area. It essentially identifies store categories that the County might successfully attract to Hwy 49 as these potential sales are “leaking” out of the Trade Area at this time.

Leakage is calculated by determining the potential sales (given the Trade Area median household income) and subtracting this potential from actual sales in 2005. The resulting surplus or leakage is multiplied by benchmark retail sales/square foot (for that retail sector in California) to obtain potential capturable development in square feet.

Of course, identifying the appropriate retail trade area is key to a meaningful analysis. The Hwy 49/Auburn Market is a bit trickier than most, as the primary and secondary trade areas are defined in relation to ease of access (along highway 49 and I-80) to the retail area, location of large competing retail areas that will

necessarily pull retail dollars away from the retail area (such as the Galleria and Sunrise Mall to the South and Southwest of Auburn), and the absence of retail alternatives to the north and east of Auburn. Given these various concerns, the retail trade area has been defined as indicated on page 9.

As shown in Table 15, Retail Trade Area residents spend \$8 million less per year in the Hwy 49/North Auburn market than expected given current income levels. However, significant leakage in apparel (-\$11 million), general merchandise (-\$14.8 million), eating and drinking places (-\$15 million), home furnishings (\$10.3 million), and building materials (-\$30 million) is countered by residents from outside the retail trade area who purchase an extra \$60 million in auto sales and \$13 million in the “other retail stores” category. Thus, while overall leakage is low, leakage in particular categories is relatively high, indicating market potential for additional stores in certain categories.

**Table 15: Auburn and Hwy 49 Retail Leakage Analysis From Primary Trade Area**

2004 dollars

	Total 2004 Sales (a)	Potential Sales Given Incomes (b)	Total Leakage (c)	Percent of Potential Sales (d)
Apparel Stores	\$13,808,972	\$24,517,282	-\$10,708,310	56%
General Merchandise Stores	\$77,982,146	\$92,818,377	-\$14,836,231	84%
Food Stores	\$33,433,714	\$34,357,270	-\$923,556	97%
Eating and Drinking Places	\$47,307,796	\$62,306,145	-\$14,998,349	76%
Home Furnishings & Other Appliances	\$17,159,556	\$27,494,085	-\$10,334,529	62%
Bldg Materials & Farm Implements	\$32,107,119	\$62,678,245	-\$30,571,126	51%
Auto Dealers & Auto Suppliers	\$263,869,501	\$203,662,951	\$60,206,549	130%
Other Retail Stores	\$179,003,111	\$165,667,366	\$13,335,745	108%
<b>Total Retail</b>	<b>\$664,671,915</b>	<b>\$673,501,721</b>	<b>-\$8,829,806</b>	<b>99%</b>

Source: State Board of Equalization, 2006; HdL, 2006; MJC, 2006

#### Notes

a) Current Sales include all retail sales along Highway 49 and all sales within the City of Auburn.

b) After adjusting for household income, potential sales are estimated with the following assumptions: 1) that primary retail trade residents spend 60 percent of their retail dollars in Auburn/North Auburn and 2) secondary retail trade area residents spend about 35 percent of their retail dollars in the Auburn/North Auburn areas.

c) Leakage is calculated by subtracting the potential sales from actual sales (a-b)

d) This indicates % of the potential retail market that Auburn/North Auburn is currently capturing by category (a/b)

## 5.2 Retail Demand & New Development

Retail trade will continue to grow in North Auburn, and the rate of growth will depend upon: 1) the capture of retail leakage, and 2) new residential growth.

### 5.2.1 Capture of Retail Leakage

North Auburn could attract new retailers or assist existing retailers with expansion plans in order to capture retail sales that are currently leaking from the Trade Area. As indicated in Table 16, currently North Auburn has a strong enough retail market to accommodate:

- ▶ 43,000 SF of additional Apparel Stores,
- ▶ 49,000 SF of additional General Merchandise Stores,
- ▶ 30,000 SF of Restaurants and Bars,
- ▶ 19,000 SF of Home Furnishing Stores, and
- ▶ 41,000 SF of Building Materials retailers.

Some of this retail leakage will be satisfied by major retail projects that are currently going through the planning process (Home Depot, Walgreens, and expansion of two shopping malls.

### 5.2.2 Retail & Population Growth

Additional retail demand and new retail development opportunities will arise in North Auburn through population growth. As the number of Trade Area households increase so too will retail sales. The Trade Area's population will grow by an estimated 36 percent or 27,800 residents by 2020, which will create new demand for retail goods and stores. New population growth through 2020 will support an additional 300,000+ SF of retail (see Table 17). Specifically, new population growth will create demand for the following:

- ▶ 25,000 SF of Apparel Stores,
- ▶ 102,000 SF of General Merchandise Stores,
- ▶ 54,000 SF of Speciality Retail Stores,
- ▶ 46,000 SF of Grocery Stores,
- ▶ 24,000 SF of Restaurants and Bars, and
- ▶ 9,000 SF of Home Furnishing Stores.

Of course, additional retail is possible beyond this potential. As retail continues to grow, North Auburn will become a larger retail center and effectively attract additional consumers from further away, thereby effectively increase the size of the retail trade area.

**Table 16: Hwy 49 Potential New Retail Sales and SF, Due to Capture of Retail Leakage**

	Total Leakage	Annual Taxable Sales/ SF	Potential New Retail (SF)
Apparel Stores	-\$10,708,310	250	42,833
General Merchandise Stores	-\$14,836,231	300	49,454
Food Stores	-\$923,556	225	4,105
Eating and Drinking Places	-\$14,998,349	500	29,997
Home Furnishings & Other Appliances	-\$10,334,529	550	18,790
Bldg Materials & Farm Implements	-\$30,571,126	750	40,762
Auto Dealers & Auto Suppliers	\$60,206,549	NA	NA
Other Retail Stores	\$13,335,745	NA	NA
<b>Total Retail</b>	<b>-\$8,829,806</b>		<b>185,940</b>

Source: HdL, 2006; MJC, 2006



**Table 17: Hwy 49 Projected Taxable Retail Sales Growth Due to Population Increase 06-2020**

	2005	2010	2015	2020	Retail Sales Growth	New Retail (SF)
Apparel Stores	\$11,074,300	\$12,956,931	\$15,030,040	\$17,284,546	\$6,210,246	24,841
General Merchandise Stores	\$54,362,500	\$63,604,125	\$73,780,785	\$84,847,903	\$30,485,403	101,618
Specialty Stores	\$26,369,400	\$30,852,198	\$35,788,550	\$41,156,832	\$14,787,432	53,772
Food Stores	\$20,641,100	\$24,150,087	\$28,014,101	\$32,216,216	\$11,575,116	46,300
Eating and Drinking Places	\$21,594,700	\$25,265,799	\$29,308,327	\$33,704,576	\$12,109,876	24,220
Home Furnishings and Appliances	\$9,312,100	\$10,895,157	\$12,638,382	\$14,534,139	\$5,222,039	9,495
Bldg Materials & Farm Implements	\$26,717,400	\$31,259,358	\$36,260,855	\$41,699,984	\$14,982,584	NA
Auto Dealers & Auto Suppliers	\$217,242,100	\$254,173,257	\$294,840,978	\$339,067,125	\$121,825,025	NA
Service Stations	\$35,416,100	\$41,436,837	\$48,066,731	\$55,276,741	\$19,860,641	NA
Other Retail Stores	\$13,667,200	\$15,990,624	\$18,549,124	\$21,331,492	\$7,664,292	51,095
<b>Retail Stores Total</b>	<b>\$436,396,900</b>	<b>\$510,584,373</b>	<b>\$592,277,873</b>	<b>\$681,119,554</b>	<b>\$244,722,654</b>	
All Other Outlets	\$27,020,500	\$31,613,985	\$36,672,223	\$42,173,056	\$15,152,556	NA
<b>Total All Outlets</b>	<b>\$463,417,400</b>	<b>\$542,198,358</b>	<b>\$628,950,095</b>	<b>\$723,292,610</b>	<b>\$259,875,210</b>	<b>311,342</b>
Trade Area Population	42,861	50,148	58,171	66,897	76,263	



## 6. Retail Real Estate Market: Hwy 49 and Region

### 6.1 Regional Retail Real Estate Market

Sacramento's strong retail real estate market has a very low vacancy rate of five percent, average rents of \$2.75 to \$3.25/SF, mid-year net absorption of 611,800 square feet, almost 3.2 million square feet of retail under construction, and another 3.4 million in the planning stages.

Roseville, Folsom and Citrus Heights have strong lease rates of \$3.00, \$2.85, and \$1.81/SF/month respectively. These large nearby retail markets, with almost 13 million square feet, have relatively low vacancy rates ranging from 3.4 to 7.7 percent. The Roseville/Rocklin market is adding 1.4 million SF, an increase of 25 percent over the current 5.6 million SF (see Table 18).

By comparison, the Auburn/Loomis retail real estate market is relatively small with just 1.1 million square feet. However, vacancy rates are exceptionally low at 0.7 percent, indicating significant pent up demand. Currently, a little over 185,000 SF is under construction, and lease rates are a strong \$1.72 per square foot.

The new construction will primarily fill the leakage in the building materials category. Even after the planned retail development (outlined on page 16) occurs, there is still opportunity to develop additional restaurants, general merchandise, and apparel stores.

**Table 18: North Auburn and Competitive Markets Retail Overview, Q2, 2006**

Location	Leasable SF	Vacant SF	Vacancy Rate	2006 2Q Net Absorption	YTD Net Absorption	Lease Rate	Under Construction
Sacramento Market	33,519,785	1,622,026	5.0%	211,459	611,796		3,181,055
Roseville/Rocklin	5,635,284	189,692	3.4%	11,700	-8,461	\$3.00	1,401,290
Citrus Heights/Fair Oaks	3,704,834	284,690	7.7%	-3,638	26,388	\$1.81	0
Folsom/El Dorado Hills	3,545,664	195,273	5.5%	118,859	210,752	\$2.85	228,693
Auburn/Loomis	1,142,989	7,709	0.7%	0	13,261	\$1.72	185,734
Auburn Retail Market*		104,337 *				\$1.75 *	

Source: CB Richard Ellis, 2006; LoopNet, 2006; MJC, 2006

\* Data for Auburn's vacancy and lease rates is for space as of August 2006 (Q3)

## 6.2 Hwy 49 Retail Real Estate Market

Highway 49 has a good retail real estate market. In August of 2006, the North Auburn retail market had 26 spaces totaling 104,000 SF for lease at an average rate of \$1.75/SF (see Table 18).

As shown in Table 19, stores, restaurants and shopping centers sold for between \$325 and \$390/SF in 2005. Between 2002 and 2006, 271,000 SF of retail space was sold within this market. The price and the volume of retail activity illustrate the strength of the retail sector along Highway 49.

**Table 19: Retail Real Estate Sales, North Auburn, 2004-2006**

	Median Sale Price	Median Sales Price / SF	Total SF Sold	(n)
Auto Sales, Services				
2005-2006	\$1,799,166	\$325.00	28,683	6
2002	\$717,904	\$240.00	46,070	4
Commercial Miscellaneous				
2003-2004	\$468,166	\$300.00	5,180	3
2002	\$209,066	\$143.00	42,608	3
Restaurant, Bar, Food Service				
2005	\$800,000	\$336.00	4,554	2
2004	\$315,000	\$177.00	6,291	3
Shopping Center				
2005	\$33,050,500	\$390.00	88,392	1
Stores, Retail Outlet				
2005	\$1,105,000	\$327.00	7,015	2
2004	\$527,000	\$227.00	4,492	2
2003	\$553,000	\$157.00	11,239	3
2002	\$657,250	\$93.86	26,445	6
Vacant Commercial				
2004-2005		\$7.20	499,292	7
2002-2003		\$8.94	827,492	8

Source: DataQuick, 2006; MJC 2006

## 6.3 Current Retail Development Trends

As of 2006, over 287,000 SF of new retail development on Hwy 49 is undergoing planning review. As illustrated in Table 20, a number of large projects are on the drawing board, including:

- ▶ 104,991 SF Home Depot,
- ▶ 84,665 SF Auburn Creek Center,
- ▶ 50,608 SF addition to the Rock Creek Plaza Shopping Center, and
- ▶ 15,000 SF Walgreen's Drug Store.



**Table 20: Planned Retail Development, North Auburn**

Project Name	Use	SF	Acres	Location
Auburn Creek Center	Retail	84,665	13.2	Rock Creek Road and Highway 49
Auburn Harley Davidson	Retail	30,000	2.4	Bowman and Luther Road
Home Depot	Retail	104,991	10.64	Dewitt Center
Lone Wolf Cycle Shop	Retail	1,800	0.37	50 Flood Road
Placer Equipment Rental	Retail	NA	3.2	2155 Grass Valley HWY
Rock Creek Plaza Shopping Center	Retail	50,608	22	Hwy 49 & Bell Road
Walgreen's Drug Store	Retail	15,000	1.38	New Airport Road @ Hwy 49
<b>Total</b>		<b>287,064</b>		

Source: County of Placer Planning Department, 2006; MJC 2006

## 7. Office & Industrial Development Potential

### 7.1 Job Growth & Office Development

An exploration of past job growth by economic sector in Auburn/North Auburn was used to predict future job growth and corresponding demand for new office, retail, and institutional development. As shown in Table 21, a continuation of past job growth trends will likely result in demand for roughly 96,000 SF of office development, 168,000 SF of industrial development, and 45,000 SF of retail development per year for the next five years. However, future job growth is likely to be constrained by a relatively small supply of developable land and the lack of sewer capacity, so this estimate is an upper bound of development potential.

If past trends continue, over the next five years the Auburn/North Auburn area will add an estimated:

- ▶ 1,700 jobs in construction, warehousing and transportation which will create demand for roughly 168,000 SF of industrial/warehouse space per year.
- ▶ 900 jobs in retail trade and restaurants thereby creating demand for 45,000 SF of new retail and restaurant space per year.
- ▶ 1,900 office jobs in finance, real estate & leasing, information, professional, scientific and technical services, and the administrative support sectors, which will create demand for roughly 96,000 SF per year.
- ▶ 300 institutional jobs in the government, education, healthcare, arts, entertainment and recreation sectors, which will create demand for roughly 18,000 SF of institutional space per year (see Table 21).

**Table 21: Employment Projections and New Demand by Sector, Auburn 2000-2010**

	2000	2005	Growth 2000- 2005	2010	Growth 2005- 2010	SF / Job	New Demand (SF)	New Demand / Year
<b>Industrial</b>								
Manufacturing	717	661	-8%	609	-52	500	-25,813	-5,163
Wholesale trade	263	692	163%	1,821	1,129	500	564,388	112,878
Transportation & Public Utilities	313	615	96%	1,208	593	500	296,693	59,339
Construction	1,611	1,658	3%	1,706	48	200	9,674	1,935
<b>Total Industrial Uses</b>	<b>2,904</b>	<b>3,626</b>		<b>5,345</b>	<b>1,719</b>		<b>844,942</b>	<b>168,988</b>
<b>Retail Uses</b>								
Retail trade	2,851	3,159	11%	3,500	341	300	102,382	20,476
Restaurants & Food Service	1,780	2,134	20%	2,558	424	200	84,880	16,976
Other services	577	694	20%	835	141	300	42,217	8,443
<b>Total Retail Uses</b>	<b>5,208</b>	<b>5,987</b>		<b>6,893</b>	<b>906</b>		<b>229,480</b>	<b>45,896</b>
<b>Office Uses</b>								
Information	259	446	72%	768	322	250	80,504	16,101
Financial Activities	406	806	99%	1,600	794	250	198,522	39,704
Real estate & rental & leasing	517	588	14%	669	81	250	20,188	4,038
Professional, scientific, & tech services	636	1,040	64%	1,701	661	250	165,157	33,031
Administrative & support, waste management & remediation	276	342	24%	424	82	250	20,446	4,089
<b>Total Office Uses</b>	<b>2,094</b>	<b>3,222</b>		<b>5,161</b>	<b>1,939</b>		<b>484,817</b>	<b>96,963</b>
<b>Institutional Uses</b>								
Educational services	1,799	1,896	5%	1,998	102	300	30,669	6,134
Health care & social assistance	2,657	2,629	-1%	2,601	-28	300	-8,311	-1,662
Arts, entertainment, & recreation	532	702	32%	926	224	300	67,297	13,459
<b>Total Institutional Uses</b>	<b>4,988</b>	<b>5,227</b>		<b>5,526</b>	<b>299</b>		<b>89,655</b>	<b>17,931</b>
<b>Total Job Base</b>	<b>15,377</b>	<b>18,205</b>	<b>18%</b>	<b>22,925</b>	<b>4,863</b>		<b>1,648,893</b>	<b>329,779</b>

Source: Employment Development Department, 2006; MJC, 2006

## Top Employers in Auburn/ North Auburn.

As shown in Table 22, ten of the top thirty area employers are located in North Auburn. Top North Auburn employers include ICI Ceramics, Placer County, Magnussen, Target, Mother Lode Holding Company, and others.

**Table 22: Top 30 Largest Employers, Auburn/North Auburn, 2005**

ALBERTSONS	INNOVATIVE STEEL ERECTORS, INC.
AUBURN AREA RECREATION & PARK	LAKE OF THE PINES COUNTRY CLUB
AUBURN COURT HOUSE	<b>MAGNUSSEN DODGE ISUZU*</b>
AUBURN JOURNAL INC	<b>MAGNUSSEN'S AUBURN TOYOTA*</b>
AUBURN RAVINE TERRACE	<b>MOTHER LODGE HOLDING COMPANY*</b>
<b>BEL AIR MART INC*</b>	MOUNTAIN PEOPLE'S WAREHOUSE
CARL'S JR	NELLA OIL COMPANY, LLC.
CBM GROUP INC	PCOE ANNEX
CITY OF AUBURN	<b>PLACER SIERRA BANK*</b>
<b>COUNTY OF PLACER*</b>	PLACER TITLE COMPANY ADMINISTRATION
SCHOOL DISTRICT ADMINISTRATION	<b>RALEYS SUPER MARKETS*</b>
<b>FOOTHILL OAKS CARE CNTR INC*</b>	SIERRA JOINT COMMUNITY COLLEGE DIST
GOTTSHALKS INC	SUPERIOR COURT OF CALIFORNIA
HILLTOP MANOR	SUTTER AUBURN
<b>ICI CERAMICS, INC.*</b>	<b>TARGET CORP*</b>

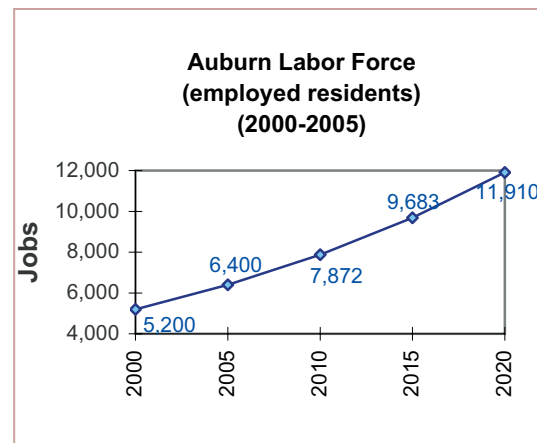
Source: EDD, 2006, MJC 2006

\* North Auburn Location

## 7.2 Commuters and the Potential to Capture Jobs & Development

The Sierra Foothills' pool of highly skilled commuters are a potential resource, when combined with existing infrastructure and easy I-80 access, that could be used to attract new businesses and jobs to North Auburn.

In 2005, 6,400 Auburn residents were employed in the labor force, 66 percent of these employed residents worked outside of Auburn. As the number of employed Auburn and North Auburn residents increases from the current 6,400 to an anticipated 11,910 by 2020, the population of desirable potential employees will increase and attract new business to Auburn and North Auburn.





## 8. Office Real Estate Market

### 8.1 Regional Office Market Context

- ▶ The Sacramento region has experienced nine consecutive quarters of positive office space absorption, a steady vacancy rate of 13 percent, and 43 new construction projects totalling 1.7 million SF. This balanced and growing office market also offers a steady overall lease rate of \$1.73/SF.
- ▶ Roseville, Citrus Heights and Folsom, all relatively large nearby competitive office markets, offer 8.7 million square feet at average rents of \$1.40 to \$2.10 per square foot (see Table 23).

### 8.2 Auburn/North Auburn Office Market

- ▶ Current office lease rates average \$1.30/SF in North Auburn, below lease rates in Folsom, Citrus Heights and Roseville. While current vacancy rates in North Auburn are unavailable, lower lease rates typically indicate a higher vacancy rate. Given current lease rates and quantity of space on the market (71,514 square feet), the office vacancy rate is an estimated nine percent.

- ▶ As indicated in Table 24, the price of office space has risen steadily over the past three years, reaching \$248/SF in 2006, an increase of 64 percent over 2002's price of \$151/SF.

### 8.3 Current Office Development Trends

- ▶ Since 2001, North Auburn has added 51,000 square feet of professional office space, and the Ridgeview Office Complex on Old Airport Road (51,000 SF) is currently undergoing planning review.

### 8.4 New Office Development Potential

- ▶ In the near term, North Auburn will continue as a destination of choice for smaller office projects, and build-to-suit development.
- ▶ With lease rates significantly under \$2/SF, North Auburn's market is unlikely to inspire speculative office development in the near term. However, the for-sale market is relatively strong and growing, and could result in higher lease rates and speculative office development in the future.

**Table 23: North Auburn and Competitive Markets Office Overview, Q2, 2006**

Location	Leasable SF	Vacant SF	Vacancy Rate	2006 2Q Net Absorption	YTD Net Absorption	Lease Rate	Under Construction
Suburban Sacramento	36,995,604	5,035,101	13.6%	202,072	283,880	\$1.69	1,330,502
Roseville/Rocklin	5,484,687	852,641	15.5%	89,988	198,627	\$2.10	374,805
Citrus Heights/Orangevale	1,056,649	76,305	7.2%	27,981	26,986	\$1.40	0
Folsom	2,218,480	186,086	8.4%	17,432	116,593	\$1.80	289,436
Auburn Office Market*		221,263				\$1.35	
Study Area Office Market*		71,514				\$1.30	

Source: CB Richard Ellis, 2006; LoopNet, 2006; MJC, 2006

\* Data for Auburn's vacancy and lease rates is for space as of August 2006 (Q3)

**Table 24: North Auburn Office Sales (2002-2006)**

Year	Median Sales Price/SF	Median Sales Price	Total Sold (SF)	(n)
2006	\$248.02	\$725,000	14,242	4
2005	\$179.16	\$500,000	42,349	4
2004	\$195.31	\$550,000	116,357	17
2003	\$209.89	\$430,000	30,063	12
2002	\$151.42	\$613,000	15,003	3

Source: DataQuick, 2006; MJC 2006

Data from within the North Auburn Study Area



## 9. Industrial Real Estate Market

### 9.1 Regional Industrial Market

- ▶ Auburn and North Auburn are located on the edge of a very large and well balanced industrial market. The greater Sacramento region has over 163 million square feet of industrial space, with another 1.3 million currently under construction. The Sacramento industrial market continues to reflect a pattern of growth, with positive expansion anticipated in 2007. Leasing activity continues to outpace the sale of owner/user buildings, thus absorption numbers should increase while vacancy continues to decrease.
- ▶ Placer County is a location of choice for industrial uses and development, with over 32 million square feet of industrial space in Roseville, Rocklin, Lincoln, and Auburn, and another 600,000 under construction.

### 9.2 North Auburn Industrial Market

- ▶ The Auburn Market (which also includes Newcastle) has 2.8 million SF of industrial space and a healthy vacancy rate of 8.3 percent.
- ▶ Current asking lease rates in North Auburn range from a low of \$0.50/SF for warehouse to a high of around \$1.27/SF for smaller R&D, depending on the use, location, and size of the space. Currently, 27,800 SF of space is up for lease, while an astounding 500,000 SF of industrial space is for sale. Asking prices range from \$56 to \$171/SF. Clearly, this vacant space must be absorbed before new industrial space is built.
- ▶ Since 2002, six industrial properties have sold in North Auburn, totalling 57,094 SF, with a median sales price of \$119/SF.
- ▶ There is one industrial project planned of 7,200 SF at Locksley Lane in North Auburn.

**Table 25: North Auburn and Competitive Markets: Industrial Overview, Q2, 2006**

Location	Leasable SF	Vacant SF	Vacancy Rate	2006 2Q Net Absorption	YTD Net Absorption	Lease Rate	Under Construction
Greater Sacramento Market	163,304,666	14,781,880	9.1%	493,371	1,617,411		1,305,928
Roseville/Rocklin/Lincoln	18,608,268	2,036,452	10.9%	39,244	170,591		330,115
I-80 Roseville Road	9,587,347	443,186	4.6%	-39,034	-21,189		102,661
Folsom/El Dorado Hills	3,865,323	104,352	2.7%	17,088	21		199,547
Auburn Industrial Market*	2,862,248	238,906	8.3%	0	-108,916	\$1.01	0
N. Auburn Industrial Market*		22,289				\$1.01	7,200

Source: CB Richard Ellis, 2006; LoopNet, 2006; MJC, 2006

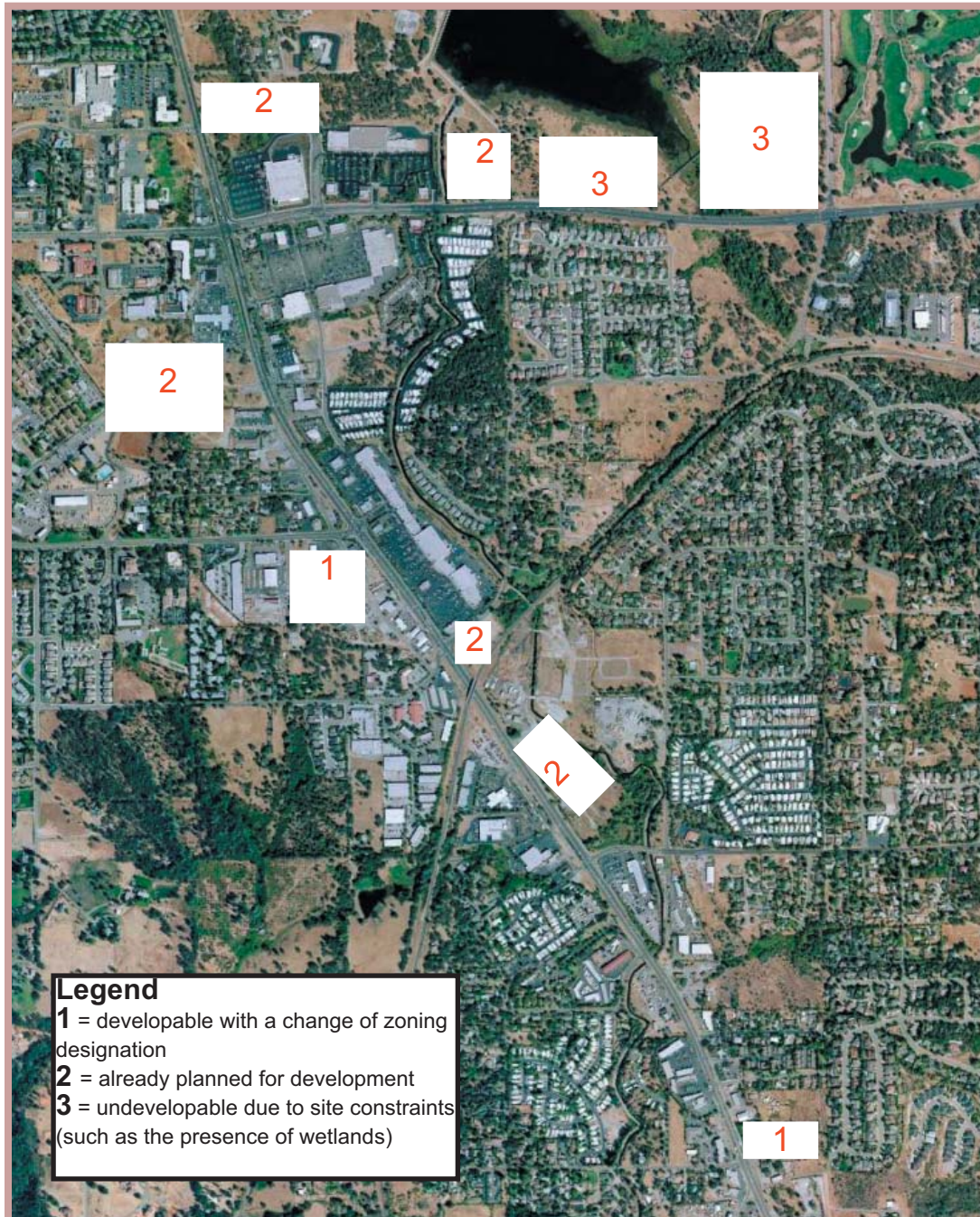
\* Data for Auburn's vacancy and lease rates is for space as of September 2006 (Q3)





## 10. Hwy 49 Development Opportunity Sites

Highway 49 stakeholders and focus group participants identified two opportunity sites in North Auburn that could be utilized to attract new commercial activity. North Auburn is largely built out with most of the attractive sites already developed or slated for development.



# 11. Bowman Tourism Economy

## 11.1 Overview

Bowman is a well known launching point for tourists entering the Gold Country and the High Sierras, which offer a variety of world class outdoor activities for visitors from California and the world, including: downhill skiing and snowboarding, mountain biking, rock climbing, mountaineering, golfing, back-packing, hunting, fishing, snowmobiling, boating, water-skiing, sailing and parasailing. For the adrenaline seeker, the area also offers bungee jumping, hot air ballooning, riding up a 2,000 foot cable car, rafting the American River's class 3, 4 and 5 rapids, and the world-famous Tevis Cup 100-mile horse endurance race.

The City of Auburn, just south of Bowman, offers rich cultural pageantry through: Cinco de Mayo, Native American Pow Wow at the Auburn Dam Overlook, Chinese New Year's Parade in Old Town Auburn, Auburn street fairs, the Auburn Symphony, the Black and White Ball, and Old Town Auburn's Festival of Lights Parade. Finally, North Auburn is the launching point for scenic drives along Highway 49 through the Gold Country's Foothills and for a visit to Gold Rush era historic towns.

Tourists come to Bowman, primarily to "gas up, get grub, and catch a little shut eye", as they might have said back in the gold panning days. Bowman continues to provide these key services to hundreds of thousands of visitors each year. Indeed, a recent traffic count at the Bowman/I-80 interchange counted 2,800 vehicles per hour entering Bowman from Highway I-80 on a Friday evening.

Bowman's commercial sector primarily serves this visitor population and is largely comprised of gas stations, hotels, and restaurants.

## 11.2 Tourism Expenditures

Overall, Placer County travel spending is up. Between 1992 and 2004, tourist expenditures in Placer County increased by 5.3 percent annually, a higher annual growth rate than the surrounding counties. Placer County also has more tourism spending than all competitive nearby counties. In 2004, visitors spent \$643 million in Placer County, with only El Dorado County approaching Placer's strength (see Table 25).

**Table 25: Competitive County Travel Spending**

(in millions)	2004 Travel Spending	Annual Change
Alpine	27.9	4.0%
El Dorado	611.9	3.1%
Mono	396	6.0%
Nevada	239.1	3.6%
Plumas	98.8	3.1%
<b>Placer</b>	<b>643.8</b>	<b>5.3%</b>
Solano	506.8	3.9%
Yuba	71.2	4.7%
California	81,876.0	3.8%

Source: Dean Runyan Associates, *California Travel Impacts by County*, 2006

Tourist expenditures in Placer County were up by 15 percent between 2000 and 2004. In 2004, tourists spent \$135 million on accommodations, \$166 million in restaurants, \$130 million on arts, entertainment and recreation, \$109 million on retail items, \$72 million on ground transportation and fuel, and \$28 million in food stores (see Table 26).

Bowman captured \$90 million or 14 percent of overall tourism expenditures in the County. In 2005, visitors to Bowman spent \$7.3 million on accommodations, \$18 million in restaurants, \$11.9 million at food stores, \$4.7 million on retail items, and \$33 million on fuel and transportation.<sup>1</sup>

**Table 26: Placer County Travel Spending 2000 & 2004**

	2000	2004	% Growth
Accommodations	\$119.2	\$135.4	14%
Food & Beverage Services	\$139.1	\$166.4	20%
Food Stores	\$23.6	\$28.6	21%
Ground Transportation & Fuel	\$57.5	\$72.9	27%
Arts, Entertainment & Recreation	\$113.8	\$130.7	15%
Retail Sales	\$104.5	\$109.8	5%
<b>Total</b>	<b>\$557.6</b>	<b>\$643.8</b>	<b>15%</b>
Local Tax Receipts	\$11.7	\$12.0	3%

Source: Dean Runyan Associates, *California Travel Impacts by County*, 2006

<sup>1</sup> While it is not possible to determine exactly how much of these expenditures in Bowman were made by visitors, one can safely assume that a majority were made by visitors, with a relatively smaller proportion from residents.



### 11.3 Bowman Hotel Trends

Bowman's eight hotels offer 514 rooms, and hotel occupancy is both highly seasonal and fluctuates considerably within the week.

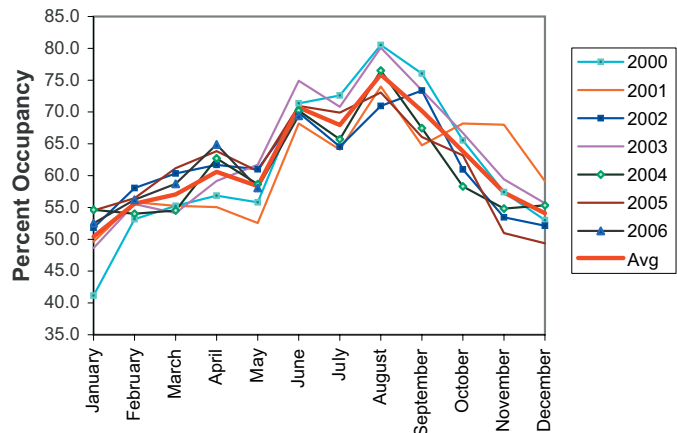
Summer is Bowman's high season as visitors take advantage of nearby recreational and historic tourism opportunities. June, July, August, and September have very high occupancy rates averaging between 70 and 80 percent, while January, February and March have low occupancy rates of between 50 to 60 percent (Chart 7).

Within any given week, occupancy rates are highest on Friday (72%) and Saturday (78%), and lowest on Sunday (47%) and Monday (52%) (see Chart 8).

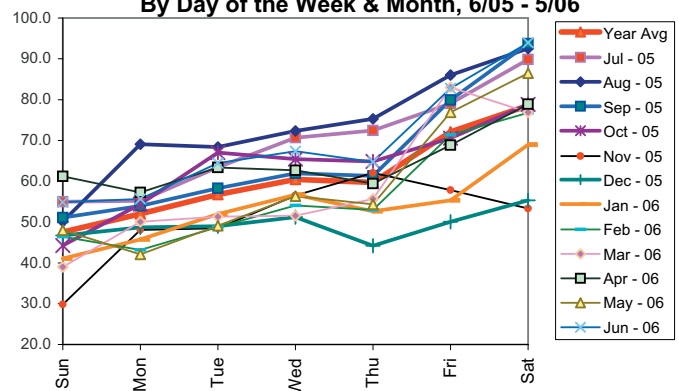
Overall, average daily room rates and occupancy rates and trends have remained fairly constant over the past five years. Overall occupancy hovers at 62 percent, while the average daily rate is roughly \$72 (see Table 27). Currently, average annual occupancy rates are low and may not support the development of additional budget hotel rooms.



**Chart 7: Bowman Seasonal Hotel Occupancy 2000-2006**



**Chart 8: Bowman Hotel Occupancy (%), By Day of the Week & Month, 6/05 - 5/06**



**Table 27: Hotel Occupancy, Average Daily Rate, Supply, Demand and Revenue, 2000-2006, Bowman CA**

Year	Annual Occupancy (%)	Average Daily Rate (\$)	Revenue per Available Room (\$)	Total Room Supply	Total Room Demand	Total Annual Room Revenue
2000	62	\$67.86	\$41.79	156,585	96,432	\$6,544,027
2001	61	\$70.74	\$43.32	156,585	95,894	\$6,783,918
2002	62	\$70.02	\$43.07	156,585	96,324	\$6,744,840
2003	63	\$70.28	\$44.54	156,585	99,232	\$6,974,514
2004	61	\$74.56	\$45.56	156,585	95,678	\$7,133,903
2005	62	\$76.32	\$47.10	156,585	96,632	\$7,374,775
Avg	62	\$71.62	\$44.23	156,585	96,699	\$6,925,996

Note: Hotel summary data is from the following Bowman hotels: Best Western Golden Key (68 rooms), Travelodge Auburn (76 rooms), Comfort Inn Auburn (80 rooms), Holiday Inn Auburn (96 rooms), Super 8 Auburn (52 rooms), Motel 6 Auburn (57 rooms)

Source: Smith Travel Research, 2006; MJC 2006

However, several developers have expressed interest in developing new major brand, limited service, mid-priced hotels of 100 rooms each with small conference centers to better serve the business and leisure segments that are currently by-passing the Bowman and Auburn markets.



Bowman hotels achieve a much lower average daily rate than hotels in Rocklin or Roseville. Table 29 lists each hotel within the market, it's quoted low and high rates, and AAA rating.

This will be an important step towards increasing mid-week occupancy. Roseville and Rocklin have successfully utilized this strategy to expand their markets over the past five years. As overall employment levels have increased, so too have hotel occupancy rates, room counts and hotel revenues in these communities. Indeed as evidenced by Table 28, total hotel revenues increased by 94% in Lincoln, 162% in Loomis, 50% in Rocklin and 59% in Roseville between 2000 and 2005. During this same time period, Bowman's total taxable hotel revenues increased by just 12 percent. The market now offers 2,210 hotel rooms, 25 percent of which are located in Bowman.

Auburn and Bowman are on the geographical edge of an area of rapid job growth. However, this has not yet translated into higher and more consistent hotel occupancy across all weekdays. Auburn has many large employers (Sutter Health, Placer Sierra Bank, and SBC Communications), which are target markets to increase business-related stays in Bowman hotels. As Auburn and North Auburn's employment base increase, mid-week demand for additional hotel rooms should increase, and Bowman's hotel market will attract additional mid-price hotel operators.



**Table 29: Bowman, Roseville, and Rocklin Hotels, 2006**

	# of Rooms	Average Daily Rate		
		Low	High	AAA Rating
<b>Bowman Hotels</b>				
Best Western Golden Key	68	\$80.00	\$109.99	◆◆◆
Travelodge Auburn	76	\$49.50	\$74.99	◆◆
Comfort Inn Auburn	80	\$99.00	\$134.00	◆◆
Holiday Inn Auburn	96	\$109.00	\$124.00	◆◆◆
Super 8 Auburn	52	\$53.00	\$78.00	◆
Motel 6 Auburn	57	\$65.00	\$75.00	
Elmwood Motel	23	\$50.00		
Foothills Motel	62	\$65.00		◆
<b>Average</b>		<b>\$71.31</b>	<b>\$99.33</b>	
<b>Rocklin Hotels</b>				
Days Inn Rocklin	65	\$59.00	\$64.99	◆◆
Rocklin Park Hotel	67	\$119.00	\$114.00	◆◆◆
Howard Johnson Rocklin	112	\$70.00	\$104.95	◆◆
Heritage Inn Express Rocklin	99	\$56.00	\$60.00	◆◆
Comfort Suites Rocklin	72	\$102.00	\$160.00	
First Choice Inn	125	\$80.00		
<b>Average</b>		<b>\$81.00</b>	<b>\$100.55</b>	
<b>Roseville</b>				
Hilton Garden Inn Roseville	131	\$80.00	\$209.00	◆◆◆
Orchid Suites Roseville	179	\$84.00	\$105.00	◆◆◆
Homewood Suites	111	\$92.00	\$174.00	◆◆◆
Courtyard by Marriott Galleria	124	\$99.00	\$174.00	◆◆◆
Residence Inn by Marriott	90	\$139.00	\$229.00	
Larkspur Landing Roseville	90	\$129.00	\$143.00	◆◆◆
Fairfield Inn by Marriott	82	\$89.00	\$102.00	
Best Western Roseville Inn	126	\$67.00	\$99.00	◆◆
Heritage Inn	101	\$49.00	\$85.00	◆◆
Extendedstay Roseville	122	\$89.99	\$119.99	
<b>Average</b>		<b>\$91.80</b>	<b>\$140.75</b>	
Total	2,210			

**Table 28: Taxable Hotel Revenues by Jurisdiction, Placer County, 2000-2500**

Figures in \$1,000s

	TOT Rate	2000	2001	2002	2003	2004	2005	% Change
<b>Placer County</b>		\$96,463	\$105,387	\$101,298	\$96,628	\$104,036	\$113,708	<b>18%</b>
Auburn	8%	\$2,275	\$2,574	\$2,599	\$2,483	\$2,559	\$2,695	18%
Colfax	8%	\$116	\$134	\$129	\$138	\$138	\$160	38%
Lincoln	10%	\$88	\$559	\$446	\$343	\$229	\$171	94%
Loomis	8%	\$181	\$229	\$219	\$313	\$313	\$475	162%
Rocklin	8%	\$4,508	\$7,479	\$5,285	\$3,054	\$6,819	\$6,778	50%
Roseville	6%	\$15,812	\$18,638	\$18,110	\$19,960	\$22,127	\$25,203	59%
<b>Unincorporated</b>	10%	\$73,483	\$75,775	\$74,511	\$70,339	\$71,853	\$78,226	<b>6%</b>

Source: Dean Runyan Associates, *California Travel Impacts by County, 2006*

## 11.4 Bowman Retail Trends

Of course, tourism impacts more than hotel revenues. Bowman restaurants, service stations, and retailers all benefit from Bowman's excellent access to I-80 and surrounding recreational opportunities.

Tourists contributed \$90 million to Bowman's economy in 2005. Most of this economic impact stems from visitor expenditures in hotels (\$7.7 million), gas (\$33 million), restaurants (\$18 million), and food stores (\$12 million). As shown in Table 30, tourists and residents spent over

\$90 million in Bowman in 2005, a five percent increase over 2000 expenditures.

Because Bowman primarily serves a visitor community, it does not have a geographically defined retail trade area, as purchasers are primarily not from within the immediate area. Thus, a leakage analysis would have no meaning for Bowman.

**Table 30: Bowman Retail Sales Trends 2000-2005, in Constant 2005 dollars**

	2000	2001	2002	2003	2004	2005	Percent Change
Specialty Retail	\$4,613,168	\$4,687,757	\$4,769,737	\$4,784,881	\$4,443,238	\$4,748,800	3%
Food Stores	\$12,914,391	\$13,505,857	\$13,466,142	\$12,578,208	\$12,015,434	\$11,899,600	-8%
Eating and Drinking Places	\$19,654,597	\$17,968,439	\$19,216,173	\$18,536,885	\$18,855,956	\$18,303,800	-7%
Bldg Materials & Farm Implements	\$1,857,327	\$1,945,203	\$2,025,969	\$2,136,498	\$2,840,281	\$2,956,600	59%
Auto Dealers, Suppliers	\$2,742,316	\$3,146,423	\$2,755,400	\$2,960,268	\$3,224,843	\$3,187,800	16%
Service Stations	\$28,505,050	\$27,897,537	\$25,157,717	\$27,303,903	\$29,191,584	\$33,180,900	16%
Other Retail Stores	\$4,279,663	\$1,754,477	\$1,251,407	\$1,104,171	\$834,657	\$1,106,500	-74%
<b>Retail Stores Total</b>	<b>\$74,566,511</b>	<b>\$70,905,694</b>	<b>\$68,642,545</b>	<b>\$69,404,815</b>	<b>\$71,405,992</b>	<b>\$75,384,000</b>	<b>1%</b>
All Other Outlets	\$11,778,963	\$10,356,481	\$10,109,059	\$11,079,532	\$11,926,238	\$14,943,300	27%
<b>Total All Outlets</b>	<b>\$86,345,474</b>	<b>\$81,262,175</b>	<b>\$78,751,604</b>	<b>\$80,484,347</b>	<b>\$83,332,231</b>	<b>\$90,327,300</b>	<b>5%</b>

Source: HdL, 2006; MJC, 2006





## 12. Bowman Development Opportunity Sites

Bowman stakeholders and focus group participants identified four opportunity sites in Bowman that should be utilized to create new commercial activity. **Under-utilized sites** (low-quality uses, vacant, and/or surface parking lots) were selected because they provide a good opportunity for attractive re-use and are less expensive. **Larger sites** were selected because developers are generally more interested in large projects.





## 13. Highway 49 Assets & Challenges

### Key Assets

Developers, property-owners and business owners identified a number of key assets which strengthen Hwy 49, listed in priority order:

- ▶ **High Volume of Traffic Along Highway 49.** High traffic counts on Highway 49 ensure a steady stream of captive customers for retailers.
- ▶ **Rapid Residential Growth.** The Sierra Foothills are rapidly adding new residents every day, and new residents strengthen demand for new retail.
- ▶ **Demographics.** Trade Area residents have excellent demographics to support additional retail development.
- ▶ **The Center for County Government.** North Auburn houses the County's government offices, a valuable employment base for North Auburn. Studies show that office workers spend an average of \$5,500 per year in the area where they work on retail sales.
- ▶ **Community & Business Support.** The Community's interest in and motivation to make Hwy 49 a better place.
- ▶ **New Development.** Many new projects are planned or under construction on remaining developable parcels along Hwy 49, including a new Home Depot, Walgreens, and a new retail mall.
- ▶ **Beautification Efforts.** The County has worked to improve the look of highway 49 by working with property owners on landscaping projects.
- ▶ **Existing Retail Mix.** Highway 49 offers a good mix of retailing destinations including: auto sales, general merchandise, grocery, gas and more.



### Key Challenges

Key informants also identified a number of challenges to business growth along Hwy 49, namely:

- ▶ **A Lack of Large Under-Utilized Parcels.** Virtually all of the larger parcels have been developed or are slated for specific development projects. Through the focus groups, key informant interviews, and a review of planned and proposed projects, there are two large sites that could be developed, namely the Don Robinson Construction and Caltrans yard.
- ▶ Many businesses have **inadequate landscaping, old facades, lower quality signage**, and other frontage treatments.
- ▶ **Lack of Workforce Housing** for area employees.
- ▶ **Auburn Airport.** The auburn airport flight zone limits both residential and commercial development densities.
- ▶ **Shortage of Industrially Zoned Land.**
- ▶ **Lack of Sewer Capacity.**



## 14. Bowman Assets & Challenges

According to stakeholders, assets for and opportunities to improve business success in Bowman, include:

### Key Assets

- ▶ **Interstate 80 and the Three Interchanges.** The high visibility of Bowman businesses from interstate 80 coupled with multiple on and off ramps makes Bowman an easy and attractive stop for drivers.
- ▶ **A Variety of Destination Businesses.** The Bowling Alley, Starbucks, Ikeadis, the Poker Room and a variety of gas stations bring drivers off I-80 and into Bowman.
- ▶ **Fantastic Natural Resources.** Bowman is a gateway to a variety of recreational activities in the Sierra Nevada Foothills. Many businesses in Bowman have excellent scenic views.
- ▶ **Last Stop Before the Snow.** In the winter, Bowman is the last “snowless stop” in the Sierras and many travelers stop here before their final drive into the Sierras.
- ▶ **California Welcome Center (CWC).**

### Key Challenges

- ▶ **Getting people to stop in Bowman.** Many travelers don't realize that Bowman is an excellent last stop before the drive to the Sierras. A landmark sign may help people identify Bowman as the last great stop before the long drive up the hill. New and improved signage to the California Welcome Center is currently being developed to address part of this problem.
- ▶ **Older properties** and businesses would benefit from **facade improvement and investment.**
- ▶ **The area lacks quality restaurants.**
- ▶ **Gridlock on Fridays** due to very high traffic volume on and off the freeways and inadequate signalization at some of the on/off ramps.
- ▶ **Lack of sewer capacity.**



## 15. Recommendations

Focus group participants identified the following action items to improve the Highway 49 corridor and Bowman.

### Highway 49 Actions

- ▶ **Encourage development** of remaining under-utilized properties.
- ▶ **Beautify Highway 49** with additional investments in landscaping, banners, lighting and under-grounding of utilities.
- ▶ Improve the look of the **train overpass**.
- ▶ Work with CalTrans to **improve traffic flow**.

### Bowman Actions

- ▶ Develop **monumental signage program** identifying all the Bowman exits to travelers on I-80.
- ▶ **Beautify Bowman** by cleaning up the garbage along the I-80 fences. Consider replacing current fencing with a better looking fence.
- ▶ Develop additional **pedestrian-friendly** qualities in the Bowman area, such as sidewalks, curbs, landscaping, stripped cross-walks, etc.
- ▶ Improve **cooperative marketing by California Welcome Center and Placer County Visitors Council** in Bowman, so that people are made aware of dinner and entertainment options when they stop for gas.
- ▶ Improve **circulation** and reduce traffic backups by improving turn lanes and signalization.
- ▶ Address the **perception of safety** issues in Bowman, by improving lighting, image, and the look of town.
- ▶ **Hold more events** and engage in proactive marketing to residents, visitors and potential businesses.
- ▶ **Develop a welcome packet** for new businesses, property owners and developers.
- ▶ **Provide marketing and promotional support** to independent businesses through the Sierra Gateway Business Association.



# Appendix A: Methodology

## 1.1 Demographic and Retail Leakage Analysis

The North Auburn retail analysis includes a number of steps. First, MJC analyzed how North Auburn fits within the regional retail market. This analysis includes a look at retail regional malls and power centers, a review of retail sales trends in the County, competitive cities, and Auburn. This sets the stage for a retail sales leakage analysis which identifies North Auburn's current sales trends and leakage by retail sales category. The retail leakage analysis was completed using five steps.

### 1. Define Market Area and Complete Demographic and Jobs Analysis.

- ▶ For the retail analysis, MJC analyzed both a primary trade area (the source of 75 percent of customers for a typical North Auburn retailer) and a secondary trade area (the source of the remaining 25 percent). The primary trade area for this analysis is defined as the City of Auburn and the unincorporated area known as North Auburn (Highway 49 to Dry Creek Road to Bowman Rd.) and the surrounding residential areas within a three-mile radius.
- ▶ The secondary trade area encompasses the cities and rural areas along Highway 49 (between Hwy. 20 and I-80) and the communities along I-80 between Ophir and Magra. The secondary trade area is not centered directly on North Auburn because Roseville shopping centers are likely to pull potential customers that are half the distance or less between Auburn and Roseville. Likewise, to the north and east there are no competitive shopping malls, so customers must drive further to North Auburn and Auburn for major purchases. The pull of a potential shopping center in North Auburn is limited to the south and extends further to the north and east (see map). The secondary trade area is a ten-mile radius circle centered on Applegate, and includes the towns of Ophir, Auburn, Pilot Hill, Garden Valley, Georgetown, Foresthill, Colfax, Magra, Chicago Park, Cherry Creek Acres, Dew Drop, Wolf, Elders Corners, Higgins Corner, Weimer, Pincroft, Twin Pines, Meadow Vista and Lander Crossing as well as residents living in unincorporated areas within the Trade Area.

### 2. Identify Demographics of the Primary and Secondary Retail Trade Areas.

- ▶ To identify current demographic trends, MJC used

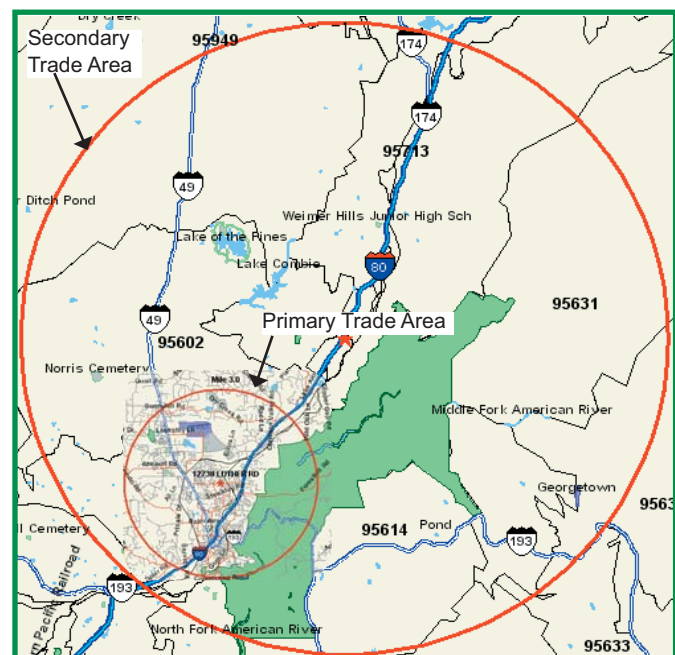
2000 census data for each retail trade area and analyzed new home construction and new home sales to identify population increase and the median household income of new households moving into the trade area. Finally, MJC purchased a variety of data from Claritas, a commercial market data firm. These data were collectively analyzed to identify overall residential development, growth, and demographic trends for both the Primary and Secondary Trade Areas.

### 3. Analyze Retail Sales Leakage.

- ▶ To identify potential retail leakage, MJC compared 2004 per capita sales in the Primary Retail Trade Area to the benchmark 2004 per capita sales in Placer County to determine if retail sales dollars are "leaking" out of Primary Retail Trade Area to surrounding areas. Placer County per capita sales serve as a good benchmark given resident income levels. Lower per capita sales in the Primary Retail Trade Area for certain retail categories would suggest that residents shop outside of the trade area for these items.

### 4. Analyze Existing Regional Shopping Malls and Power Centers.

- ▶ MJC identified existing power centers and major regional shopping malls for total SF of retail, existing vacancy rates, and major anchor tenants.





## **5. Estimate Current and Future Capturable Sales and Supportable Square Feet of Retail.**

- ▶ After identifying retail leakage within the Retail Trade Area, MJC identified North Auburn's likely "capture rate" of potential leaking sales dollars. This step identifies potential new sales resulting from the capture of a portion of the retail leakage.
- ▶ MJC also calculated new retail sales by category given anticipated population growth within the Retail Trade Area through 2011.
- ▶ Finally, MJC converted potential capturable retail sales dollars (from population growth and capture of retail leakage) into supportable square feet of new retail using industry standard sales/SF for each retail category.

## **6. Retail Real Estate Market Analysis**

- ▶ MJC collected and analyzed data on current retail real estate market trends and activity, including identifying proposed and planned projects.

## **1.2 Employment, Office and Industrial Analysis**

MJC undertook a number of steps to identify current job growth trends, sector growth and corresponding office and industrial real estate demand, including:

### **1. Analyze Current and Past Employment Patterns**

- ▶ To understand job growth in the study area, MJC obtained confidential employment data from Employment Development Department (commonly known as "ES 202") which includes employment, payroll, and location data for every business in North Auburn. Forecasted future employment growth was translated into future supportable square feet of office, industrial and institutional space.

### **2. Real Estate Market Analysis**

- ▶ MJC collected and analyzed data on current office and industrial real estate trends and activity, including proposed and planned projects.

## **1.3 Bowman Tourism Analysis**

To develop a full analysis of Bowman's tourism economy, MJC undertook the following steps:

### **1. Tourism Expenditures Analysis**

- ▶ MJC analyzed tourism expenditure trends in Placer County, competitive counties and Bowman to develop an overview of how Bowman fits within the overall tourism economy.

### **2. Analyze Current and Past Hotel Market Data**

- ▶ MJC analyzed and described the current tourism market in Bowman and the surrounding area. MJC analyzed the performance of existing hotel and bed and breakfast (B&B) properties in the area, by contacting local hotel and B&B establishments and accessing vendor data to determine current room occupancy, average daily rates, and revenue per available room.
- ▶ Based on a solid understanding of the current market, estimates for future new hotel room demand were prepared.

### **3. Analyze Bowman's Retail Sales**

- ▶ For this task, a trend analysis of retail sales by category for the Bowman area was completed. The trend analysis includes estimated future sales by category (restaurants, gas stations, etc.) and supportable square feet of new development.

### **4. Bowman Real Estate Analysis**

- ▶ Data on current retail and accommodation real estate activity and trends was collected and analyzed.

## **1.4 Community Involvement**

### **1. Focus Groups and Stakeholder Interviews**

- ▶ Through focus groups and confidential stakeholder interviews, MJC solicited input for a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis for each commercial corridor of the study area.

### **2. Develop Recommendations**

- ▶ Through these activities, key recommendations and action items were identified.

### **3. Community Meetings**

- ▶ Key findings were presented to the Hwy 49 and Bowman business community through two community meetings for feedback.

# Appendix B: Strategic Plan Recommendations

## Hwy 49 Strategic Plan

Completed in 2003, the Hwy 49 Strategic Plan sets forth economic development goals and strategies for Hwy 49. These strategies were developed through an intensive community involvement process which included focus groups, key informant interviews and community meetings. Key strategies include:

### 1) Transportation & Infrastructure

- ▶ Improve traffic flow on Hwy 49
- ▶ Underground utilities
- ▶ Improve landscaping and appearance of corridor
- ▶ Improve bicycle & pedestrian access
- ▶ Improve high speed telecom services

### 2) Improve Corridor Image & Identity

- ▶ Façade improvements

### 3. Regulatory Process

- ▶ Streamline permitting
- ▶ Review current reverse orientation policy
- ▶ Provide support with regulatory process

### 4. Business Collaboration

- ▶ Improve coordination between local businesses
- ▶ Expand awareness regarding local business support & financing programs

### 5. Economic Diversification

- ▶ Encourage commercial office & light industrial development
- ▶ Continue workforce preparation efforts

## Bowman Strategic Plan

Also completed in 2003, the Bowman Strategic Plan was developed through an intensive community process and includes the following key recommendations:

### 1) Traffic & Transportation

- ▶ Improve traffic circulation (overpasses, off ramps, frontage roads).
- ▶ Improve quality of road surface
- ▶ Improve highway and surface road signage

### 2) Improve Bowman Image & Identity

- ▶ Beautification of Bowman Corridor
- ▶ Façade and signage improvements
- ▶ Improve condition of Greyhound bus stop
- ▶ Underground utilities
- ▶ Improve landscaping
- ▶ Commercial and retail needs
- ▶ Clarify and evaluate signage guidelines, establish a permitting and signage committee, develop a map of bowman businesses and services
- ▶ Expand awareness of local business support & financing programs
- ▶ Attract an anchor retailer

### 4. Recreation & Tourism

- ▶ Promote Bowman
- ▶ Improve regional tourist information: welcome package, resource guide of tourist and recreational attractions, enhance regional flyers, develop a local map of tourism services and activities
- ▶ Improve access to tourist information and the Visitors' Center
- ▶ Improve information on travel conditions

### 5. Government Regulation

- ▶ Clarify and coordinate permitting
- ▶ Improve communication between owners and County Departments
- ▶ Expand opportunities to develop/redevelop properties.